

ANNUAL REPORT / 2015-16

**TOGETHER,  
WE CAN BUILD.**



सन्राइज बैंक लिमिटेड  
**SUNRISE BANK LIMITED**

RISING TO SERVE

[www.sunrisebank.com.np](http://www.sunrisebank.com.np)

We make commitments, take responsibilities, promote trust and build partnership; summing up we can say, “YOU & US TOGETHER, WE CAN BUILD”. Through our best governance, disciplined management, talented and skilled human resources, a customer oriented approach and robust infrastructure, we have been successful to deliver the services smoothly and achieve our growth year on year. We believe in being available to you all times. Because, if “you and us” work together, we can build a better future.

#### FORWARD-LOOKING STATEMENTS

The Annual Report for the year 2015/16 presented hereby shows the growth we made from the inception. This achievement is the result of the support from all the stakeholders. Please have a look at our Bank, the driving force, Management Team, products and services we offer, our present growth and the achievements.



**ANNUAL REPORT / 2015-16**

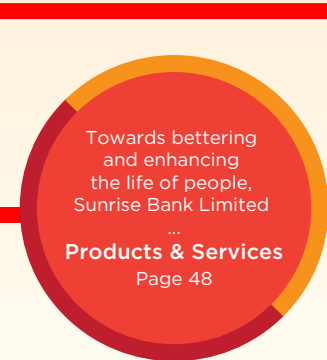
## Report Objectives

The report is intended to provide simplified information to our stakeholders as well as other interested parties on how we performed in 2015/16.

The report is a reflection on the overall operation of the Bank and exhibits the Bank's direction to achieve its mission and vision.

## The Annual Report

**Capitalizing on its core strength, market orientation and innovation in products and service delivery; Sunrise Bank is well positioned to achieve its aim of being a leader. Sunrise Bank aims to lead the market through its customised financial solutions and enriched customer base.**





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# Overview

Sunrise Bank Limited, a leading commercial bank of Nepal was established as a 23<sup>rd</sup> commercial bank of Nepal on 12th October, 2007 with its motto “Rising to Serve” with comprehensive products and services. The Bank has its corporate office at Gairidhara Crossing, Kathmandu Nepal. As the promoters are reputed entrepreneurs, the Bank understands the needs of a growing economy and is well equipped to cater them.

The Bank’s Board has 9 BOD members along with Chairman, Mr. Motilal Dugar. The Management team comprises 5 lead members with Mr. Ratna Raj Bajracharya as CEO. Entire member of the Management team are professional managers who have expertise in various aspects of bank management and operations.

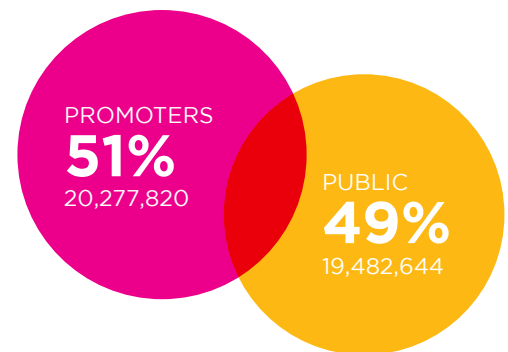
The Bank recently acquired a “C” class financial institution - Narayani National Finance Limited(NNFL). The joint operation started from 14<sup>th</sup> July 2016 (B.S. 2072/03/30). The bank is in discussion to acquire another “C” class financial institution, viz. N.I.D.C Capital Market Ltd., along with its subsidiary NCM Merchant Banking Ltd., thereby entering into Capital Market as well.\*

The Bank has achieved steady growth through the nine successful years of operation and with recent acquisition of Narayani National Finance Limited our geographical coverage has widened enabling us to serve businesses and customers in the remote corners of Nepal as well. While we are present across Nepal, we continue to expand our network to cover more areas that are not being served in Nepal. Besides, with the help of up-to-date technology, the Bank continuously works towards providing efficient services to the customers.

**VISION**   
You & Us.  
Together We Can Build.

**MISSION**   
Establish  
Sunrise Bank  
as a lead bank in all places  
of our branch locations &  
nationwide.

## CAPITAL STRUCTURE



\* BANK HAS ALREADY ACQUIRED NIDC CAPITAL MARKETS AND STARTED JOINT OPERATION FROM 10TH FEBRUARY 2017.

## OPERATIONAL HIGHLIGHTS

- Good revenue generation despite the cut throat competition in the market and declining interest rate.
- Prudent risk management system to minimize financial and operational risks thereby eliminating losses.
- Remarkable growth in Balance Sheet Size with a good composition of capital and liquid assets.
- Diverse credit portfolio to minimize credit risk and maximize returns.
- Surge in investment of the Bank to reap sizable income from investments.
- Integrated team efforts from the ground level lead to escalate banks profitability.
- Reinvented products and services to cater our customer's divergent needs thereby delighting them and positioned Sunrise Bank as a strong brand in the market.

### CAPITAL ADEQUACY RATIO

# 12.05%

Adequately capitalized to absorb market shocks and protect our customers.

### BRANCHES

# 69\*

(and growing)

Bank footprints in the increasing tend to service the population of all geographic division

\* THE NUMBER WAS 67 TILL MID-JULY 2016 BUT AFTER ACQUISITION OF NIDC CAPITAL MARKETS, ONE BRANCH AT KAMALPOKHARI HAS BEEN ADDED AND ONE BRANCH AT BUDHABARE HAS BEEN OPENED.

### MARKET PRICE/SHARE (NPR)

# 748

Increasing market value thereby increasing the worthiness of the company among the investors

## CORE VALUES

### CUSTOMER ORIENTATION

We at Sunrise Bank provide value added customized products and services to our customers through unparalleled service delivery.

### INTEGRITY AND TRANSPARENCY

The fundamental principle of Sunrise Bank lies within integrity and transparency in every action it carries.

### SHAREHOLDER'S SECURITY

Our shareholders have always been our major priority and our actions are directed not only to secure their investments but also to provide higher returns.

### EMPLOYEE'S PROSPERITY

Employees are invaluable assets and hence, we believe in nurturing them. We empower our employees with career development opportunities valuing their financial, social and esteem needs.

### CORPORATE CITIZENSHIP

Being a responsible corporate citizen, we believe in giving back to the society and work for social development at large. We abide by high level of corporate governance thereby maintaining financial discipline.



# STRATEGIC REPORT





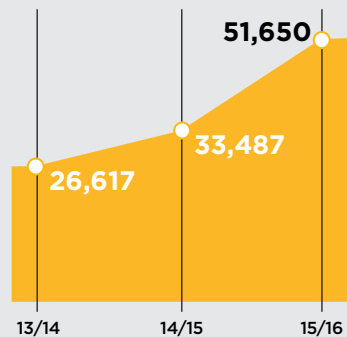
During the review year, the Bank has acquired a finance company, Narayani National Finance Ltd. (NNFL). The Bank's performance this year was remarkable; posted 102% growth in net profits, market value per share increased by NRs. 353, Non Performing Loan (NPL) percentage decreased from 2.90% to 1.22%. Increased efficiency among the staff, better management supervision, guidance from the Board and cooperation from every other stakeholder have helped us grow.



# Financial Highlights

## TOTAL DEPOSITS (In NPR Million)

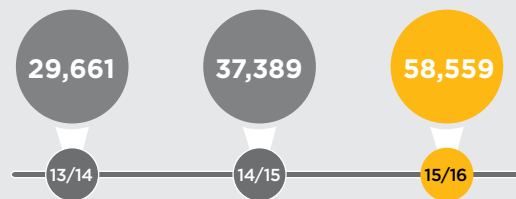
CAGR : 30.99%



Our togetherness with the clients helped us to increase the deposits by 18163 million during 2015/16.

## TOTAL ASSETS/LIABILITIES (In NPR Million)

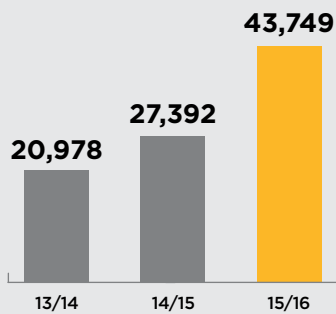
CAGR : 30.18%



The graph shows how sustainably we grow in the years. In 2015/16, the size of our balance sheet grew by 21,170 million.

## TOTAL LOANS & ADVANCE (In NPR Million)

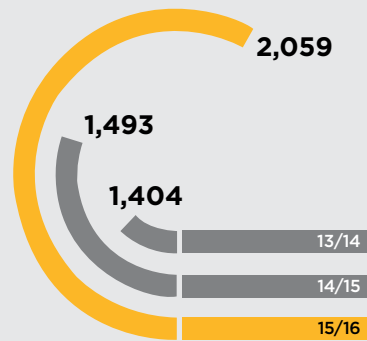
CAGR : 28.60%



During the year 2015/16, we financed 16357 million more in various sectors and help to build them up.

## TOTAL REVENUE (In NPR Million)

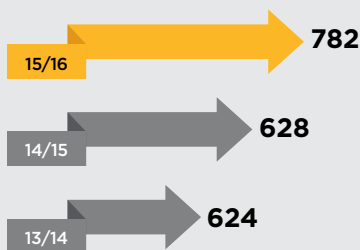
CAGR : 19.98%



Our stakeholder's contribution to our revenue increased by 566 million during 2015/16.

## TOTAL OPERATING COST (In NPR Million)

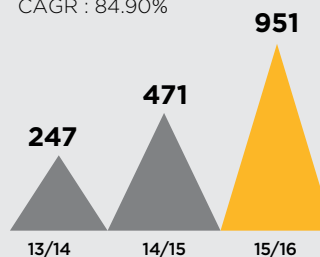
CAGR : 15.47%



During 2015/16, we applied our internal cost cut controls and managed the increment in operating cost by only 157 million.

## NET PROFIT (In NPR Million)

CAGR : 84.90%



Net profit this year increased significantly by 102%; this is the result of increase in the revenue, control over the cost and decrease in non-performing loans.

## KEY INDICATORS

PARTICULARS	BASIS	2015/16	2014/15	2013/14
Earning Per Share	NPR	23.93	19.27	11.03
Market Price Per Share	NPR	748	395	510
Price Earning Ratio	Ratio	31.26	20.50	46.22
Number of Shares	Quantity	39,760,463	24,436,880	22,366,500
Net Worth Per Share	NPR	115.91	112.63	120.48
Non Performing Loan	%	1.22	2.90	4.94
CAR	%	12.05	11.11	11.49

# 33.33

Percentage of **Bonus Shares** issued to the valued shareholders.

Percentage **Increase in the Profits** earned as a result of increase in the revenue, control over the cost and decrease in non-performing loans.

# 102%



**3** Number of **Extension Counters** for enhanced services to the specialized organization for their smooth financial functions.

**10** Total number of **Branchless Banking** established so as to reach those areas whereby people are deprived from the Banking Services.



# 73 ATMS

Number of **Money Machine** for the smooth service of the customers, helping them withdraw money according to the need on 24/7 basis.

# 325,000

Increasing number of **Satisfied Customers**, receiving customer centric service and promoting sunrise trust among the population.



# 699

Total **Number of Staff** in service.

## FINANCIAL REVIEWS

### TOTAL ASSETS

Compound Annual Growth Rate (Last 5 years): 30.18%  
The year 2015/16 showed an impressive growth of 21,170 million in total assets.

### DEPOSITS

CAGR (Last 5 years): 30.99%  
Our togetherness with the clients helped us to increase the deposits by 18,163 million during the review year of 2015/16.

### LOANS & ADVANCE

CAGR (Last 5 years): 28.60%  
During the year 2015/16, we financed 16,357 million more in various sectors and help to build them up.

### REVENUE

CAGR (Last 5 years): 19.98%  
Our stakeholder's contribution to our revenue increased by 566 million during 2015/16.

### OPERATING COST

CAGR (Last 5 years): 15.47%  
During 2015/16, we applied our internal cost cut controls and managed the increment in operating cost by only 157 million including staff cost.

### NET PROFIT

CAGR (Last 5 years): 84.90%  
Net profit this year increased significantly by 102%; this is the result of increase in the revenue, control over the cost and decrease in non-performing loans.

# Economic Review

## AROUND THE GLOBE

Global growth, currently estimated at 3.1 percent in 2015, is projected at 3.4 percent in 2016 and 3.6 percent in 2017. The pickup in global activity is projected to be more gradual than in October 2015, especially in emerging market and developing economies.

Growth in the United States fell to 1.4 percent at a seasonally adjusted annual rate in the fourth quarter of 2015. Despite signs of weakening growth, labor market indicators continued to improve. In particular, employment growth was very strong, labor force participation rebounded, and the unemployment rate continued its downward trend, with a 4.5 percent reading in March.

In Japan, growth came out significantly lower than expected during the fourth quarter, reflecting in particular a sharp drop in private consumption.

Growth in China was in contrast slightly stronger than previously forecast, reflecting resilient domestic demand, especially consumption. Robust growth in the services sector offset recent weakness in manufacturing activity.

The recession in Russia in 2015 was broadly in line with expectations, and conditions worsened in most other Commonwealth of Independent

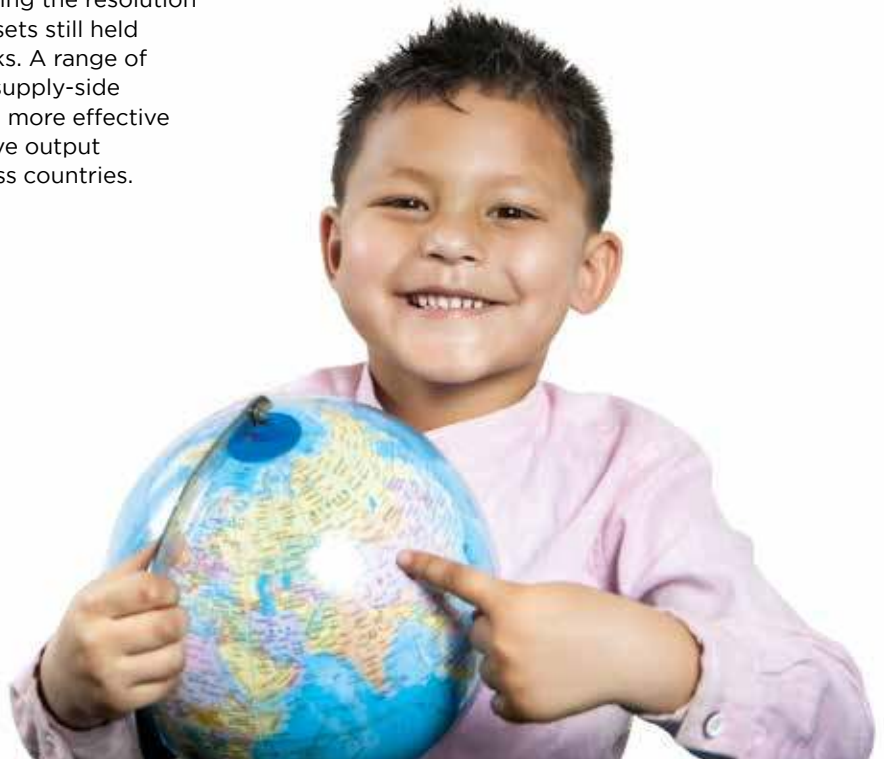
States (CIS) economies, affected by spillovers from Russia as well as the adverse impact of lower oil prices on net oil-exporting countries.

In the United Kingdom, the planned June referendum on European Union membership has already created uncertainty for investors; Brexit could do severe regional and global damage by disrupting established trading relationships.

Tax reform, even when budget neutral, can create demand if well targeted, while simultaneously improving labor force participation and enhancing social cohesion. Not only financial stability, but the transmission of monetary and fiscal policy, would be enhanced by further financial reforms, including the resolution of impaired assets still held on banks' books. A range of demand- and supply-side policies can be more effective through positive output spillovers across countries.

In addition, cooperation to enhance the global financial safety net and the global regulatory regime is central to a resilient international monetary and financial system. Some of the risks coming from non-economic sources likewise present public goods problems solvable through international coordination, on the model of the December 2015 Paris climate agreement. If national policymakers were to clearly recognize the risks they jointly face and act together to prepare for them, the positive effects on global confidence could be substantial. The result would be stronger growth under the baseline outcome as well as insurance against a derailed recovery.

SOURCE: WORLD ECONOMIC OUTLOOK







## INSIDE THE BOUNDARY

According to the preliminary estimates of the Central Bureau of Statistics (CBS), the real GDP at basic price is expected to grow 0.8 percent in 2015/16 compared to a growth of 2.3 percent in the previous year. Similarly, the real GDP at producers' price is expected to grow at 0.6 percent compared to a growth of 2.7 percent in the previous year.

The annual average consumer price inflation increased 9.9 percent in 2015/16 compared to 7.2 percent in the previous year. This is mainly due to strikes in Terai region, obstructions at border points and supply disturbances.

In 2015/16, merchandise exports decreased 17.8 percent to NRs. 70.12 billion compared to a drop of 7.3 percent in the previous year. In the review year, the ratio of total exports to GDP remained at 3.1 percent compared to 4 percent a year ago.

The large fall in imports of petroleum products resulted in 0.1 percent drop in merchandise imports to NRs. 773.60 billion in the review year. In the review year, the ratio of total imports to GDP decreased to 34.4 percent from 36.5 percent a year ago.

The total services receipt declined 7.2 percent and expenses increased 5.7 percent in the review year. As a result, net services receipt decreased 64.3 percent to NRs. 9.85 billion in the review year. The net services receipt was NRs. 27.62 billion in the previous year.

The gross foreign exchange reserves stood at NRs. 1039.21 billion in mid-

July 2016, an increase of 26.1 percent from NRs. 824.06 billion a year ago. The share of Indian currency in total reserves stood at 21.4 percent in mid-July 2016.

The NEPSE index increased to 1,718.2 points in mid-July 2016 from 961.2 points in the corresponding period of the previous year. The rally in the NEPSE index was on account of introduction of the capital hike policy for financial institutions, dematerialized transactions from mid-January 2016 and rise in investors' confidence due to improved political situation.

After the issuance of the "Bank and Financial Institutions Merger By law, 2011", 108 BFIs have merged with each other resulting in the formation of 43 BFIs as of mid-July 2016. Total deposits and loans of such institutions stood at NRs. 3.04 billion and NRs. 6.42 billion respectively. The overall capital fund of these institutions was negative by 33.9 percent and non-performing loan stood at 97.3 percent as of mid-July 2016.

Credit to the private sector from BFIs increased 23.7 percent in the review year compared to a growth of 19.8 percent in the previous year. The momentum that economic activities gained in the fourth quarter of 2015/16 attributed to private sector credit off take. In the review year, private sector credit from commercial banks and development banks increased 26.5 percent and 20.3 percent respectively, while that of finance companies decreased 12.5 percent.

SOURCE: NEPAL RASTRA BANK

## STRATEGIC OBJECTIVES

- To continuously expand Bank's operation in systematic manner.
- To become a major innovative Bank and provide top of the line services.
- To build an HR team that continuously supplements the growth of the organization.
- To be vigilant to the evolving economy and align our operations accordingly.
- To become the best compliant bank.

The real **GDP** at basic price is expected to grow

**0.8%**

in 2015/16 compared to a growth of

**2.3%**

in the previous year.

The **total services receipt** declined

**7.2%**

and expenses increased

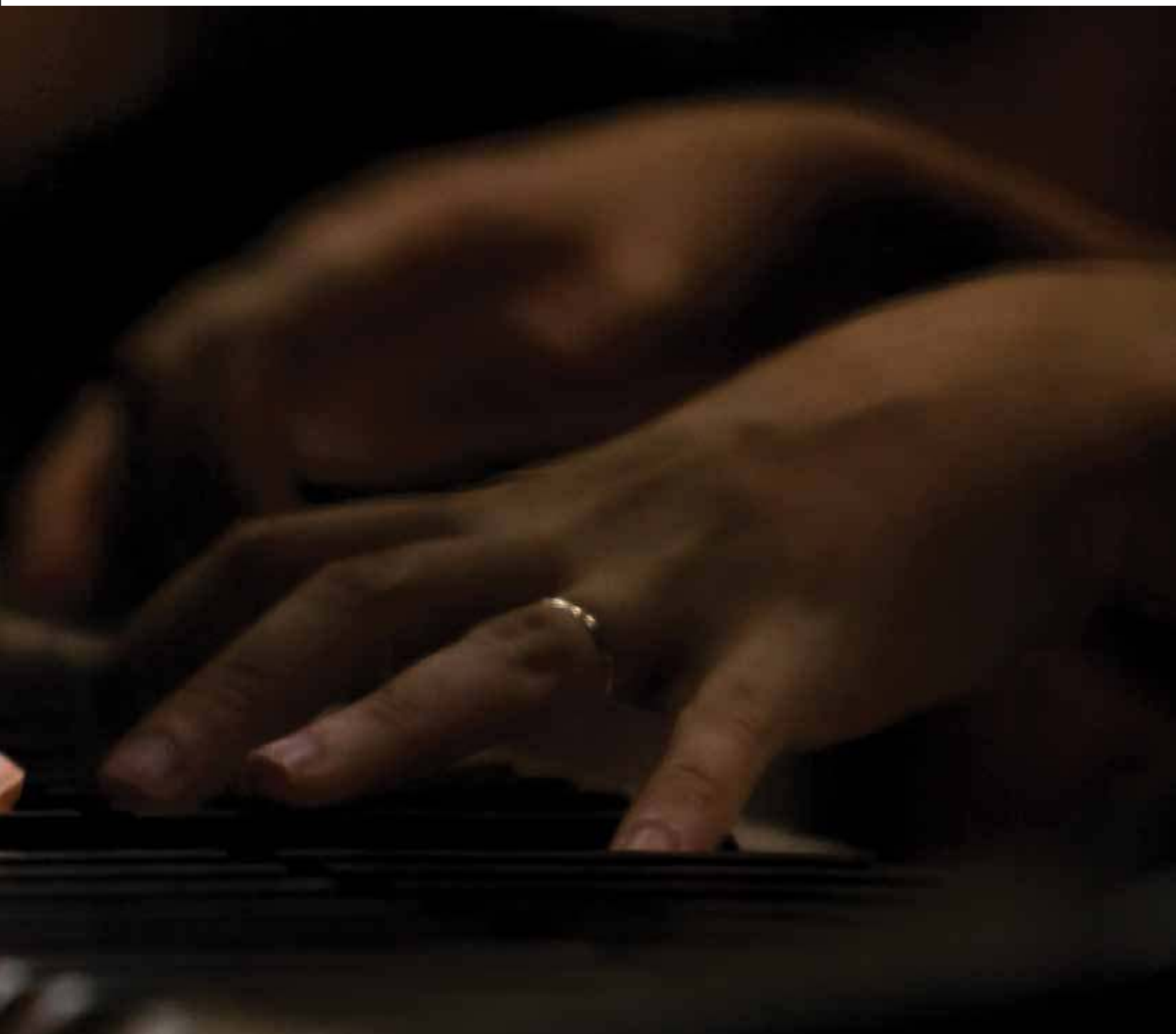
**5.7%**

in the review year.

C O R P O R A T E   G O V E R N A N C E



Good governance is critical to proper functioning of any organization. Our primary objective is to safeguard stakeholders' interest as well as the interest of the depositors. We have made an appropriate allocation of authorities and responsibilities among the senior members of management to meet such objective, by forming a Good Governance Unit and a Compliance & AML Committee, who are responsible to monitor the governance, on a monthly basis.





# Governance at a Glance

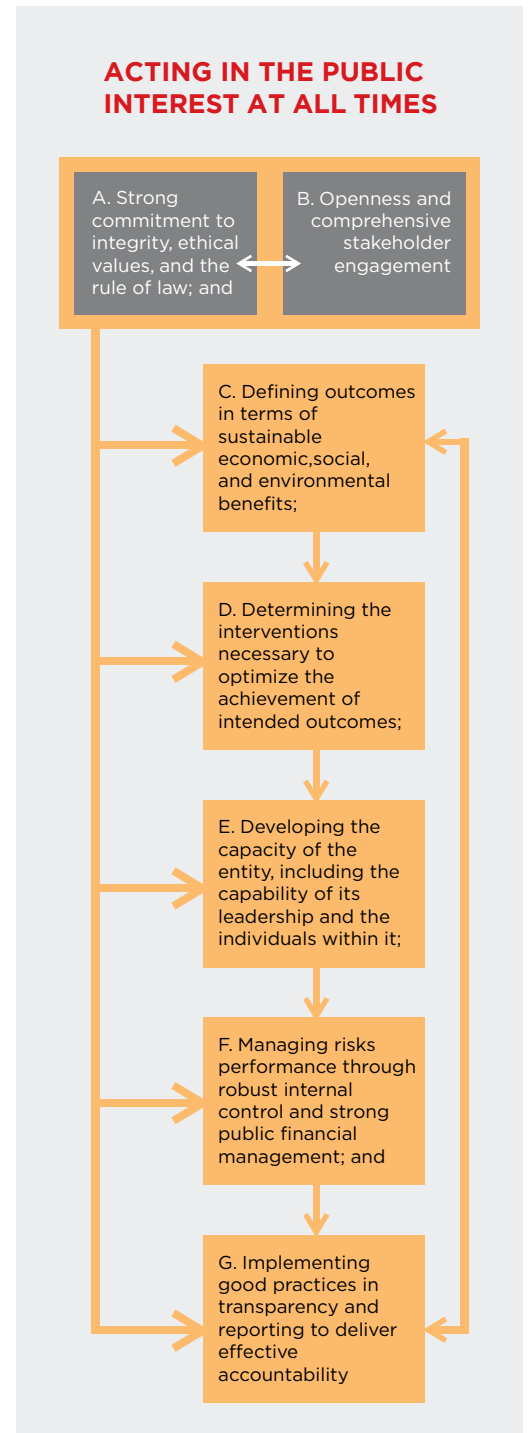
Good governance is critical to the proper functioning of the banking sector and the economy as a whole. Banks perform a crucial role in the economy by intermediating funds from savers and depositors to activities that support enterprise and help drive the economic growth.

Weak governance at banks can result in the transmission of problems across the banking sector and the economy as a whole. The primary objective of corporate governance should be safeguarding stakeholders' interest along with public interest on a sustainable basis. Corporate governance determines the allocation of authority and responsibilities by which the business and affairs of a bank are carried out by its board and senior management, including how they:

- set the Bank's strategy and objectives.
- select and oversee personnel.
- operate the Bank's business on a day-to-day basis.
- protect the interests of depositors.
- meet shareholder obligations, and take into account the interests of other recognized stakeholders.
- align corporate culture, corporate activities and behavior with the expectation that the Bank will operate in a safe and sound manner, with integrity and in compliance with applicable laws and regulations.
- establish control functions.

Supervisors have a keen interest in sound corporate governance, as it is an essential element in the safe and sound functioning of a bank and may adversely affect the bank's risk profile if not operating effectively. Well governed banks contribute to the maintenance of an efficient and cost-effective supervisory process, as there is less need for supervisory intervention. Sound corporate governance may permit the supervisor to place more reliance on the bank's internal processes. In this regard, supervisory experience underscores the importance of having the appropriate levels of authority, responsibility, accountability, and checks and balances within each bank, including those of the board of directors senior management and the risk, compliance and internal audit functions.

In general, Banks exhibit a better understanding of the important elements of corporate governance such as effective board oversight, rigorous risk management, strong internal controls, compliance and other related areas. Central Bank has also been taking measures to improve



regulatory and supervisory oversight of corporate and risk governance at banks. These measures include developing or strengthening existing regulation or guidance, raising supervisory expectations for the risk management function, engaging more frequently with the board and management, and assessing the accuracy and usefulness of the information provided to the board.

Banks also need to enhance the authority and independence of Credit Risk Officers. Banks need to strengthen their ability to assess the effectiveness of a bank's risk governance and its risk culture and should engage more frequently with the board and its risk and audit committees.

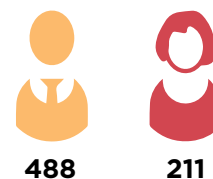
Sunrise Bank has an increased focus on risk and the supporting governance framework that includes identifying the responsibilities of different parts of the organization for addressing and managing risk. The risk management function is responsible for further identifying, measuring, monitoring and reporting risk on an enterprise-wide basis. The bank has outsourced its internal audit function to a renowned audit firm, viz., LDSA Associates in order to bring in industry best practices and more in depth audit coverage with independent and better unbiased assessment. The internal audit functions conducting risk-based and general audits and reviews to provide assurance to the audit

committee and board that the overall governance framework, including the risk governance framework is effective and that policies and processes are in place and consistently applied. Among their other responsibilities, board members and senior management are expected to define conduct risk based on the context of the bank's business.

Keeping in line with the governance standards we have created a transparent set of rules and processes which has been able to provide us the framework for attaining bank's objectives. Governance has also helped us set and pursue our objectives in the context of social, regulatory and market environment. Our corporate governance helps us manage in the event of financial crisis; reduce the chance of frauds and corporate scandals. Compliance/AML Committee and Good Governance unit of the bank have been working as watchdog and to monitor good governance in the Bank. The Bank is also highly committed for FATCA compliance.

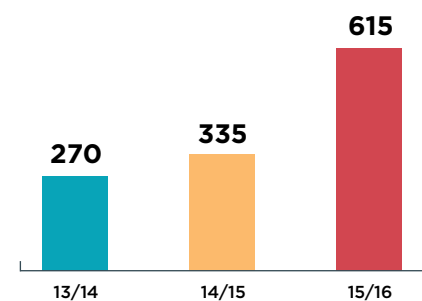
We hope your confidence on us will increase because of the good governance, we practice.

## STAFF AS PER GENDER



## INCREMENT IN CAPITAL AND RESERVES

(in Millions)



# Board of Directors



**Dr. Bhogendra Guragain**  
**DIRECTOR**

Dr. Guragain has been the director of the bank from its inception. He graduated from Tribhuvan University, IOM as a MBBS doctor. In addition, he holds a post graduate degree (MSc in Epidemiology) from Erasmus University Rotterdam of the Netherlands. He worked as International Program Advisor in Medical Foundation London and worked as visiting professor in more than a dozen of universities in Europe, Asia and North America. He also worked with various UN agencies. He was voted as Nepal's Top 50 Personalities in 2004 and 2005 by the BOSS Magazine. At present, he is Executive Chairman of Ngadi Group Power Ltd. (NGPL) and Chairman of Siuri Ngadi Power P. Ltd., Shuvam Power Limited and Kathmandu Fun Valley Pvt. Ltd. He is also the Director of Barun Hydropower Company Ltd.



**Er. Bachh Raj Tater**  
**DIRECTOR**

A renowned businessman and a pioneer private hydropower developer of the country, Mr. Tater is the Chairman of Tater Group. A former banker in one of the oldest banks of the country, Mr. Tater has also been serving as the Chairman of South Asia Infrastructure Development Pvt. Ltd., Ridi Khola Hydropower Development Company Ltd., Vishal Plastocab Industries Pvt. Ltd and Veerayatan Nepal. He is also a Director of Arun Valley hydropower Development Company Ltd. Likewise, in capacity of Civil engineer, he had also been involved for a year at Department of Irrigation, Government of Nepal and involved for 24 years as Chief, Construction Section, Agricultural Development Bank, Nepal.



**Mr. Malchand Dugar**  
**DIRECTOR**

He is the Chairman of Nasa Hydropower Pvt. Ltd. Also, he is a Director of Pan Himalaya Energy Pvt. Ltd., Global Hydropower associated Pvt. Ltd., Dugar Food & Beverage Pvt. Ltd., Gurans Life Insurance Company Ltd., Puja Daal Mill, Puja Rice Mill, Mangalam Rice Mill, Shraddha Food Products, Kohinoor Agro Industries and Amrit Pulses Industries. He also has long experience in businesses and industries.



**Mr. Ram Krishna Manandhar**  
**DIRECTOR**

Mr. Manandhar served as Board member at Narayani National Finance Limited (NNFL) for 23 years. After NNFL was acquired by Sunrise Bank Ltd., he has also been serving as a board member of Sunrise Bank. He holds an M.A. in Political Science from Tribhuvan University, Nepal. He is also the chairman of Sagarmatha Insurance Company Limited, Shree Subarna Pharmaceuticals Limited, Shree Image Channel Pvt. Ltd., Shree Sangrila Television Pvt. Ltd. and Shree Bagmati Media Pvt. Ltd.



### Mr. Motilal Dugar, **CHAIRMAN**

Mr. Motilal Dugar is a renowned industrialist and a businessman of the country. Mr. Dugar has been serving the bank as a director since its inception. Besides, he has been involved in different institutions in various capacities. He is also the sitting Chairman of Gurans Life Insurance Company Ltd., Gurans Engineers Pvt. Ltd., Global Hydropower Associate Pvt. Ltd., Nasa Hydropower Pvt. Ltd., Numbur Himalaya Hydropower Co. P. Ltd., Dugar Auto Clinic Pvt. Ltd., Dugar Brother & Sons Pvt. Ltd., and Executive Chairman of MV Dugar Group. He is also the Vice President of Nepal-USA Chamber of Commerce and Veerayatan Nepal and Chairman of Trustee Board of Bhagwan Mahabir Jain Niketan, Kathmandu.



### Dr. Deepak Pd. Bhattarai **PUBLIC DIRECTOR**

Dr. Bhattarai is a founder member of Nepal Engineering College (NEC), a famous private sector engineering college in the country. He holds a master in engineering from Loughborough University, United Kingdom and a Ph.D. from Tribhuvan University, Nepal. He is also a visiting professor of Institute of Engineering, Tribhuvan University and a member of Academic Council, Pokhara University. He is also involved in the capacity of Advisor at Kist Medical College and Tourism & Hotel Management College. A senior consultant at Construction Management Technologies Pvt. Ltd. Dr. Bhattarai has published 3 books and numerous articles in national and international journals.



### Mr. Deepak Nepal **PUBLIC DIRECTOR**

Mr. Nepal represents the bank's board from public sector. He is also Director of Gurans Life Insurance Company Ltd. and executive member of Nepal Foreign Trade Association. He has a long experience in working with Corporate sectors.



### Mr. Jyoti Kumar Begani **PUBLIC DIRECTOR**

Mr. Begani also represents the bank's board from the public sector. He has an experience of about 45 years in the field of trade and commerce. Mr. Begani is the proprietor of his company Sadasukhi Enterprises. Mr. Begani is also actively involved in the field of social service. He served a term as the Chairman of Nepal Jain Council, Bhagwan Mahabir Jain Niketan-Kathmandu, Shree Jain Shwetambar Terapanthi Shabha-Kathmandu and Lions Club of Kathmandu. He has also served as the secretary of the World Hindu Federation in the past. He is also a Director of Gurans Life Insurance Company Ltd.



### Mr. Om Krishna Joshi **PROFESSIONAL DIRECTOR**

Mr. Joshi is a director of Sagarmatha Insurance Company Limited besides being the director of this bank. Before this he was the director of Narayani National Finance Ltd. He served as a Managing Director of erstwhile Narayani Finance for more than 9 years. He also worked as Finance Director in Nepal Agricultural Research Council for about 5 years. He possesses 35 years of working experience in Banking sector in different capacities, including 26 years in Agriculture Dev. Bank, Nepal. He holds Masters degree in Commerce and graduation in Law from Tribhuvan University. He has participated in various banking related seminars and training in Philipinnes, India and Nepal.



**MR. MOTILAL DUGAR**  
CHAIRMAN



# Chasing Growth Vision

Dear Shareholders,

**On behalf of the Board of Directors of your company, I join our CEO and the management team in thanking you for choosing to invest in Sunrise Bank Limited. I also want to take this opportunity to highlight the achievements and our focus on building long-term shareholder value.**

You are represented by a strong Board. As a steward of the company on your behalf, the Board is focused on the active and independent oversight of management. The Board oversees risk management, our governance, and carries out other important duties in coordination with Board committees that have strong, experienced chairs and members. We are committed to engaging with shareholders, and we have made enhancements to our corporate governance practices that are informed by the feedback from our engagement. The Board also regularly evaluates the company's strategy, operating environment, performance, and the progress your company is making toward its goals.

Over several days each fall, in anticipation of the coming year, we engage in a thorough review with management of the company's multi-year strategy. We assess how the company has performed against the prior year's plan. We examine how well the businesses are delivering for our customers and clients under the strategic plan, as well as the processes

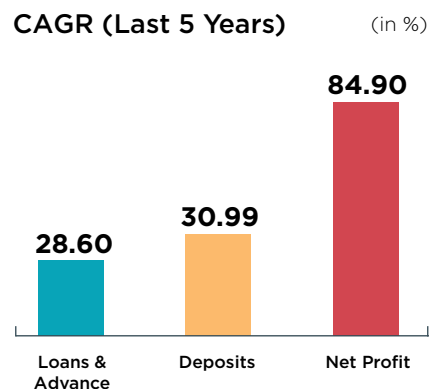
the company has in place to increase revenue, manage risk and expenses, and grow. We also consider the operating environment and management assumptions about how the environment will affect the company's results and returns. During our regular meetings throughout the year, we further monitor and evaluate short term issues and how they may impact the company's execution of its strategy and its progress toward building long-term shareholder value.

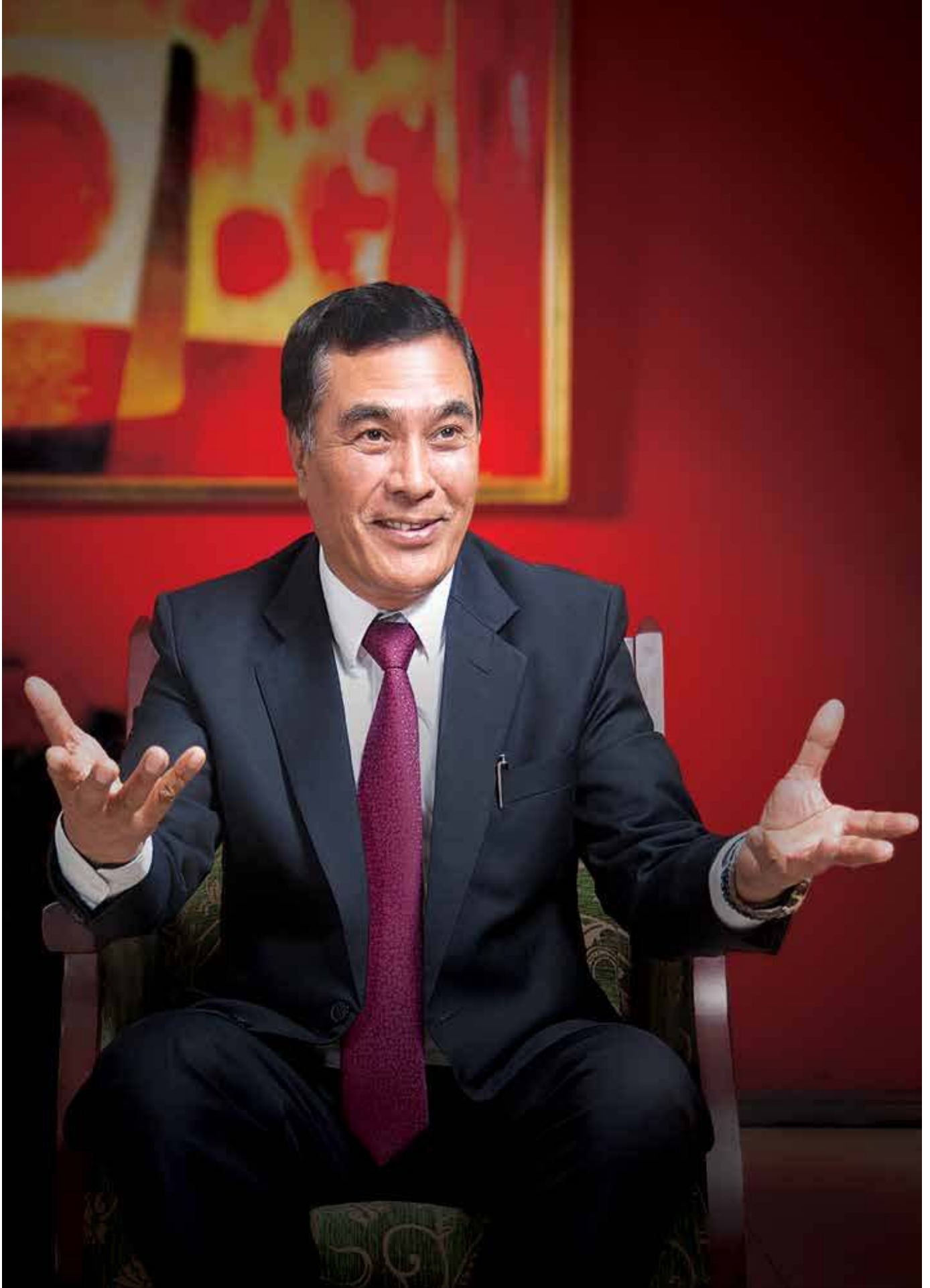
Throughout the year, I had the pleasure of continuing to meet with our shareholders to discuss our strategic planning process and corporate governance practices. Hearing directly from these shareholders, as well as from regulators with whom we regularly visit, provides me and the other Board members important perspective. I look forward to more meetings in 2016/17.

I encourage you to carefully review this report, our forthcoming business strategies, and the other materials the company makes available to shareholders to better understand the opportunities and challenges ahead and the company's work to execute its strategy. We remain committed to building long-term value in the company and returning value to you, our shareholders.

Thanking You  
On Behalf of Board of Directors  
**Motilal Dugar**  
Chairman

*During our regular meetings throughout the year, we further monitor and evaluate short term issues and how they may impact the company's execution of its strategy and its progress toward building long-term shareholder value.*





**MR. RATNA RAJ BAJRACHARYA**  
CHIEF EXECUTIVE OFFICER



# Changing Dream into Reality

**The Bank has performed significantly well during the fiscal year under review. It has attained a growth rate of 54% in deposit resource mobilization and 60% in lending. The ratios surpass the national industry average. NPA level has reduced sizably contributing to the profitability. We hope to attain further development in containing the NPA to a more appropriate level. With the 5 years strategic plan on work, the Bank is aiming to stand among the top 10 banks of Nepal in next five years.**

We closed the year with the acquisition of a very successful finance company Narayani National Finance Co. Ltd. (NNFL), which has been instrumental in increasing our capital base and business portfolio as well as branch network at 14 locations.

With the increased profitability and Capital Reserves, the Bank has proposed an ever increased return of 33.33% to its shareholders in the form of bonus shares (stock dividend). This is a major step taken by the Bank towards meeting the targeted paid up capital of NPR 8,000 million by the close of the current year as set by Nepal Rastra Bank, the central Bank (NRB). The bank's capital has already reached NPR 5,300 million. A further issue of 30% rights shares as well as stock dividend out of the current year's profit is the key strategies to achieve the NPR 8,000 million goal.

The significant increase in the capital base will improve the capital adequacy of the Bank to a new height. Newer issuance of stocks (shares) will definitely add more pressure on increasing (almost doubling) the size of business such

that the capital could be serviced adequately. Viewed from the perspective of the ever increasing demand for loan in the economy, increasing the size of the business (lending) as facilitated by the expanded capital base could be considered a possibility. However, the mobilization of deposit resources will also have to be supportive in this endeavour. We clearly see this as a difficult proposition to come by.

NRB has issued some fresh directives having major impact in the operations of the commercial banks. Banks are already required to lend 5% of total lending portfolios to deprived sector. Hitherto, such a requirement has been generally satisfied through wholesale lending to the Microfinance Institutions. The new directives require Banks to lend 2% of loans to the deprived sector directly. It surely is going to be altogether a challenging task to attain such a huge portfolio within short span of time. At Sunrise Bank, we feel blessed with the fact that the Bank was already in direct lending practices through separate desks maintained at 34 branches and has already maintained the loan portfolio within the range as required by NRB, including direct lending requirement. The cost of doing such a direct business is huge but considered necessary to ensure banking services to the needy.

The second directive has required limiting the corporate deposits to 50% by the close of the current fiscal year, down from 60% imposed earlier. Freshly, Co-operatives have also been placed under the Corporate. Accordingly, the impact will be considerably larger particularly on newer Banks limiting their capability to mobilize fresher

funds. The impact on Sunrise Bank is no exception. However, thanks to the earlier policy of penetration into the public since the beginning (through larger branch network) as well as acquisition of NNFL that would help sustain the NRB guidelines.

The Bank is preparing acquisition of NIDC Capital Markets Ltd., another finance company having merchant banking unit as its subsidiary. This surely is going to be a milestone in our ever increasing desire to step into merchant banking activities, investment management including operations of mutual funds.

The country is yet to come out fully from the last year's earthquake and blockade of southern border. Political differences among parties persist to the peril of economic development. But despite the political scenario, the banking business, in all segments has been growing. Retail and SMEs have received due priority ensuring growth in the rural areas as well. But, industrialization has suffered. With the supply of power promised through many upcoming projects, this sector will also get a boost. We are confident and preparing ourselves to stand up to the economic reality.

My sincere gratitude to all our customers who have placed their belief in the organization, and to regulators as well as Board of Directors for their continuous guidance and support. A big thanks to all staff members of the Bank for accompanying me in this journey tirelessly.

**Ratna Raj Bajracharya**  
Chief Executive Officer

## MANAGEMENT TEAM

# The Driving Force

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With the well qualified and well experienced management team, our endeavor to envisage customer needs has enabled us to achieve our goals and pave a path for future opportunities and competitive advantage.



FROM LEFT TO RIGHT

Mr. Robin Nepal  
DEPUTY GENERAL MANAGER

Mr. Apachh Kumar Yadav  
DEPUTY GENERAL MANAGER

Ms. Asha Rana Adhikary  
DEPUTY GENERAL MANAGER

Mr. Ratna Raj Bajracharya  
CHIEF EXECUTIVE OFFICER

Mr. Arun Parajuli  
CHIEF MANAGER

# The Bio



**Ratna Raj Bajracharya**  
CHIEF EXECUTIVE OFFICER

Mr. Bajracharya joined Sunrise Bank Ltd. as Chief Executive Officer on May 2015. Just before joining the bank, he had been working as Chief Executive Officer of Global IME Bank Ltd., another Class "A" commercial bank, where he worked for 4 years. He also successfully completed his tenure as Chief Executive Officer in yet another Class "A" commercial bank of the country, namely, Nepal Credit and Commerce Bank Ltd. in the past. He also worked at Nepal Bank Ltd., a government-private sector joint venture bank and the oldest bank of Nepal, under management contract, as the Chief Financial Officer. Initially, he began his career with Nepal Rastra Bank, the central bank of Nepal, where he spent 20 years in different capacities. Mr. Bajracharya has an experience of over 40 years in the banking and financial sector of Nepal.

A senior Chartered Accountant, Mr. Bajracharya has also served as the president of Association of the Chartered Accountants of Nepal, president of Institute of Chartered Accountants of Nepal, director of Securities Board of Nepal, etc.



**Asha Rana Adhikary**  
DEPUTY GENERAL MANAGER

Ms. Asha Rana Adhikary possesses above 30 years of banking experience. Her first career started as an Accounting Assistant at Stanford University, California, USA in the year 1985 and subsequently as a Joint Account Officer at Rastriya Banijya Bank Ltd., Nepal from 1988 to 1993. During this period, she had also worked with ERNST and YOUNG in 1990 under the aegis of Commercial Bank Problem Analysis and Strategy Study (CBPASS) in 1990 and with BOOZIALLEN & HAMILTON in 1992. Later, she worked from the position of Senior Officer to Senior Manager at Himalayan Bank Ltd. from December 1993 to September 2007 before starting her career at Sunrise Bank Limited as Assistant General Manager.

Ms. Adhikary had attended several professional training programs and imparted several such trainings too. She had attended 'Program for Cross Cultural Management (PCCM) in Tokyo, Japan conducted by AOTS, Japan in 2004. She had also attended Bank Management Course (BMC) in Stockholm, Sweden in 1991, including its

Follow-up Asia Program in Philippines in 1999.

Ms. Adhikary is a Gold Medalist, First Class First in Nepal in Masters of Business Administration having honored by Mahendra Bidya Bhushan Gold Medal and Nepal Bank Limited Sardar Gunjamansingh Gold Medal. She also secured First position among the Girl candidates in Nepal in Certificate Level - Intermediate and honored by Aishwarya Bidya Padak. She was awarded with King Birendra-Aishwarya Scholarship for pursuing Bachelor in Commerce studies.



The Bank's Management Team consists of 5 Members including the Chief Executive Officer. The Management team is driven by three Deputy General Managers and a Chief Manager



**Apachh Kumar Yadav**  
DEPUTY GENERAL MANAGER

Mr. Apachh Kumar Yadav served Sunrise Bank Ltd. since July 2015. He also served as an Assistant General Manager at Machhapuchhre Bank Ltd., Deputy Manager at Nepal SBI Bank Ltd. and Deputy Chief Credit Officer at Nepal Bank Ltd. Mr. Yadav was also the Member of ICC Management Team for the restructuring of Nepal Bank Ltd. under the Financial Sector Technical Assistance Project. He also served as an Accounting Consultant for "The Private Sector Support Program"- A World Bank Project. He served as a Group Coordinator for the Special Audit & Accounts Reconstruction Work in "Rastriya Baniya Bank Account Reconstruction Project". He was also Business Process & Portfolio Management Specialist in Agricultural Development Bank Ltd.

A well-known Chartered Accountant, Mr. Yadav secured third position in Bachelors in Commerce, Tribhuvan University and fourth position in Intermediate in Commerce, Tribhuvan University. He has wide experience in audit of commercial banks, finance companies, insurance companies, hotels and manufacturing companies.



**Robin Nepal**  
DEPUTY GENERAL MANAGER

Mr. Robin Nepal started his career with Sunrise Bank Ltd. since November 2009 as a Chief Manager. He also served as a Deputy Manager; Head-Risk Management Department at Himalayan Bank Ltd. Mr. Nepal has a rigorous banking experience of about 2 decades and served various senior management roles in corporate lending and risk management. He started his banking career at Nepal Grindlays Bank Ltd. now is Standard Chartered Bank Nepal Ltd. He holds a Masters degree in Business Administration.

Mr. Nepal has attended various professional trainings inside and outside the country. He obtained training on Integrated Risk Management from B.D.P. Consultants, Pune and Centralization of Trade Finance from Habib Bank, Karachi. He attended seminar in International Banking, Commerzbank Frankfurt; program on Project Finance, Reserve Bank of India and many other professional trainings.



**Arun Parajuli**  
CHIEF MANAGER

Mr. Arun Parajuli started his career with Sunrise Bank Ltd. since December 2010 as a Senior Manager. Before joining Sunrise Bank Limited, he served as a Treasury Specialist at Agriculture Development Bank Ltd., Nepal and as a Chief Financial Officer at Afghanistan International Bank, Afghanistan. He also served as a Manager-Treasury & Finance at Nepal Industrial & Commercial Bank Ltd., Nepal. He also served as an Assistant Manager at KPMG/ Nepal, TR Upadhyaya & Co. for about seven years. He holds a degree of Masters in Business Administration.

Mr. Parajuli attended training workshop on US Government Auditing Standard imparted by Regional Inspector General for Audit, Singapore; training on International Corporate Finance & Risk Management of Financial Institution organized by Indian Institute of Management, Bangalore; training on Financial Institution Group organized by American Express Bank, Frankfurt; training on Derivatives organized by ICICI Bank, India, among others.

Mr. Parajuli is also the Chairman of Foreign Exchange Dealers Association of Nepal (FEDAN).

MANAGEMENT TEAM

# Department Heads

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FROM LEFT TO RIGHT

**Back Row**

Dipen Man Singh Pradhan  
Ganesh Regmi  
Hari Prasad Acharya  
Vivek Kumar Niraula  
Manoj Neupane

Rajesh Kumar Manandhar  
Prakash Poudel  
Binay Giri  
Rupesh Luitel  
Rajendra Prasad Joshi

Keshab Prasad Subedi  
Anup Koirala  
Vijay Krishna Shrestha

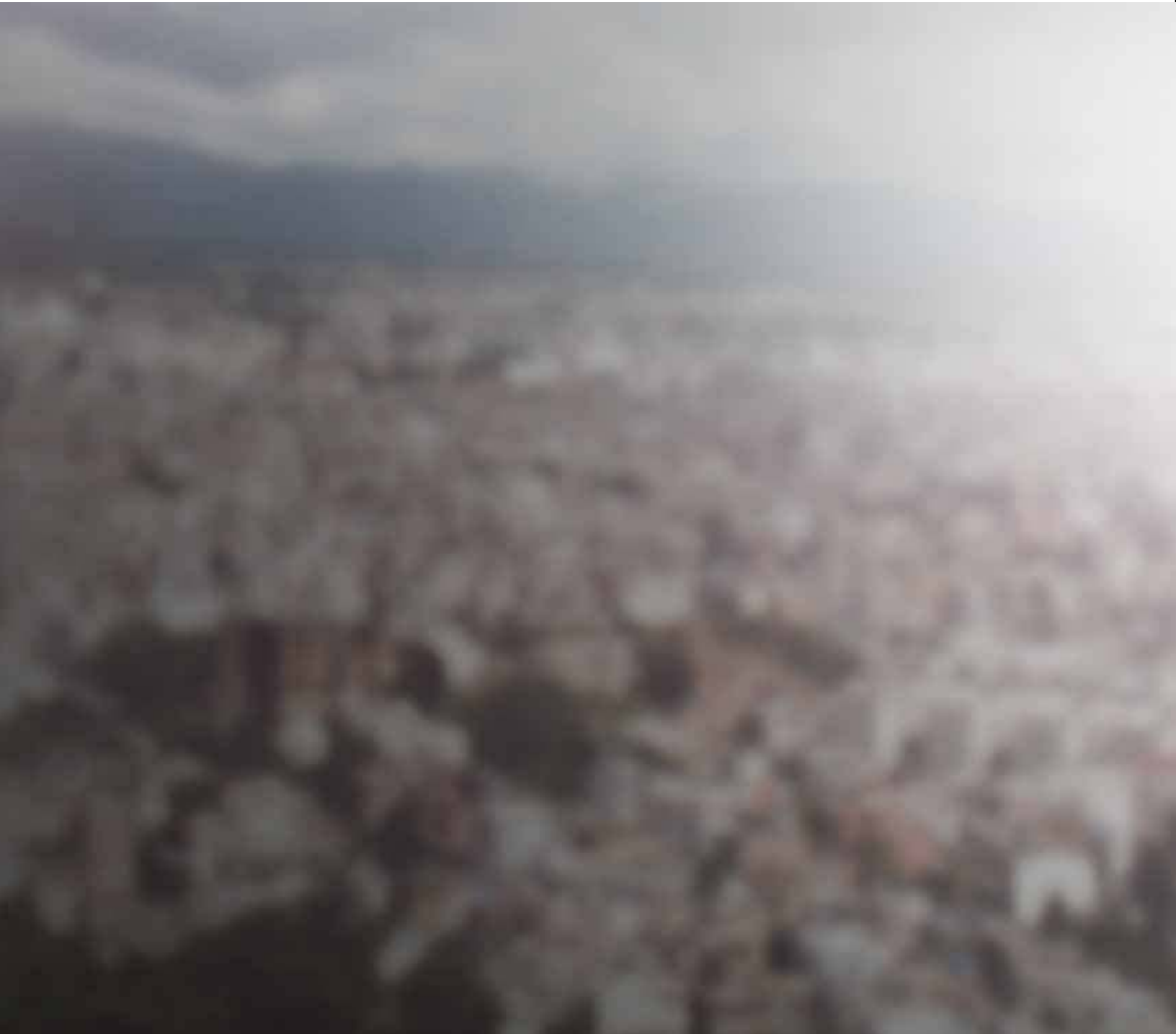
**Front Row**

Rabina Acharya  
Prabhavati Bista  
Kanchan Joshi  
Nikky Basnet





# RISK REVIEW



Heading towards the achievement of sustainable and steady growth, Sunrise Bank Limited has developed its own set of control systems to reduce errors, information systems to reduce uncertainty, incentive system to manage agency problems which in turn helps cater various risk areas vis a vis credit risk, market risk, operational risk, liquidity risk and reputational risk.



# Board Level Committees

The Board comprises of a Chairman, four directors from promoter’s group, three public directors and one professional director representing the promoter and public shareholders as per the provision of Company Act, 2063.

The Board represents and protects the members/investors right. The Board interacts with the CEO on periodic basis. The board of directors assesses the overall direction and strategy of the business; establish a policy based governance system and ensure that the corporate governance standards are met as prescribed by the regulatory authorities. The CEO ensures that the daily banking activities are carried with compliance of all the applicable laws, direction of regulatory bodies and principles of corporate governance.

The Board of Directors has expertise in different fields like financial institutions, manufacturing, trading, automobile, hydropower, real estate and educational institutions etc. Through these varied expertise and experience, the Board of Directors give valuable contribution in forming corporate strategies, reviewing the bank’s performance, instigate remedial measures as and when necessary.

### BOARD LEVEL COMMITTEES

As per the provision of the Unified Directives of Nepal

Rastra Bank, the Bank has three board level committees relating to audit, risk management and human resource management apart from ad-hoc committees such as Capital Review Committee, Merger Committee, etc.

### CAPITAL REVIEW COMMITTEE

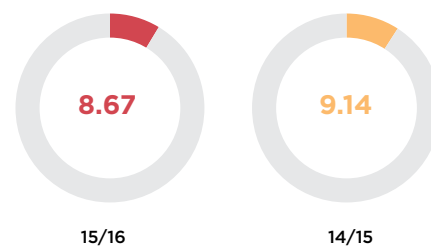
We have set up the capital plan to meet the required paid up capital by Mid July 2017. Our Capital review committee reviews the plan, makes recommendation for required change and checks the sustainability of plan.

The composition of Capital Review Committee is as below:

NAME	DESIGNATION
Er. Bachh Raj Tater	Coordinator/Director
Dr. Bhogendra K. Guragain	Coordinator/Director
Mr. Malchand Dugar	Member/Director
Dr. Deepak Prasad Bhattarai	Member/Director
Mr. Ratna Raj Bajracharya	Member/CEO
Mr. Ishwar K. Pathak	Member Secretary/ Company Secretary

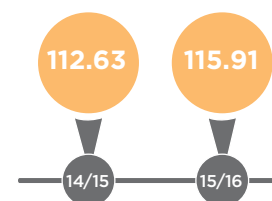
### AVERAGE YEILD ON LOAN ADVANCES & INVESTMENTS

(in %)



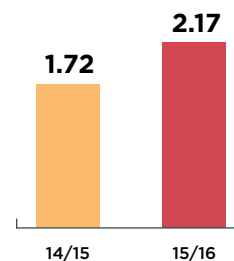
### BOOK NETWORK

(in NPR)



### NET PROFIT TO LOAN AND ADVANCES

(in Millions)



## MERGER COMMITTEE

To meet the challenge of the capital increment policy of NRB, Sunrise Bank Limited has formed a merger committee with the objective of merge/acquisition with other financial institutions. Our merger committee co-ordinated with NNFL team and the latter was acquired by Sunrise Bank with effect from 14<sup>th</sup> July 2016. Furthermore, the Bank has signed MOU with NIDC Capital Markets Limited\* for acquisition of it.

The composition of Joint merger committee is as below:

NAME	DESIGNATION	ATTENDANCE
Dr. Bhogendra	Coordinator/	17/17
K. Guragain	Director	
Er. Bachh	Member/	14/17
Raj Tater	Director	

## AUDIT COMMITTEE

Audit Committee regularly provides oversight of the financial reporting process, the audit process, compliance with laws and regulations, review the internal controls and their effectiveness. The committee reviews reports by internal audit, external audit and management responses there on for issuing necessary instructions to management and BOD.

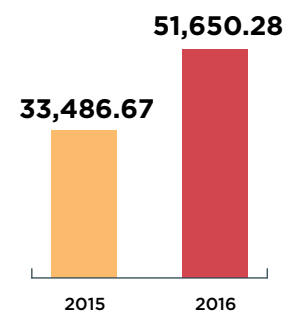
\* AS ON DATE BANK HAS SUCCESSFULLY ACQUIRED NIDC CAPITAL MARKETS LIMITED ALONG WITH IT'S SUBSIDIARY AND STARTED JOINT OPERATION FROM 10<sup>TH</sup> FEB. 2017.

The composition of the Audit Committee is as follows:

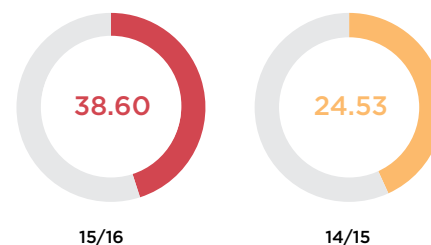
NAME	DESIGNATION
Dr. Deepak Prasad Bhattra	Coordinator/ Director
Mr. Malchand Dugar	Member/ Director
Dr. Bhogendra K. Guragain	Member/ Director
M/s LDSA Associates	Member/ Internal Auditor
Mr. Ishwar K. Pathak	Member Secretary/ Company Secretary

## TOTAL DEPOSITS

Growth: 54% (in Millions)



## STAFF BONUS TO TOTAL STAFF EXPENSES (in %)



▲ Chairman, Directors, CEO and Company Secretary in a Board Meeting.

## RISK REVIEW

The committee has been dealing on following aspects of banks operation:

A. To review the accounts and financial statements of the bank and ascertain the truth of the facts mentioned in such statements;

B. To review the internal financial control system and the risk management system of the bank;

C. To supervise and review the internal auditing activity of the company;

D. To recommend the names of potential auditors for the appointment of the auditor of the company, recommended remuneration and terms and conditions of appointment of the auditor and present the same in the general meeting for the ratification thereof;

E. To review and supervise as to whether the auditor of the company has observed such conduct, standards and directives determined by the competent body pursuant to the prevailing law as required to be observed in the course of doing auditing work;

F. Based on the conduct, standard and directives determined by the competent body pursuant to the prevailing law, to formulate the policies required to be observed by the bank in respect of the appointment and selection of the auditor;

G. To prepare the accounts related policy of the company and enforce, or cause to be enforced, the same;

H. Where any regulatory body has provided for the long term audit report to be set out in the audit report of the bank, to comply with the terms required to prepare such report;

I. To perform such other terms as prescribed by the board of directors in respect of the accounts, financial management and audit of the bank.

The increment ratio of **Total Loan** from July 2015 to July 2016 is

**60%**

The increment ratio of **Net Profit** from July 2015 to July 2016 is

**102%**

The increment ratio of **Net Interest Income** from July 2015 to July 2016 is

**36%**



## RISK MANAGEMENT COMMITTEE

The Risk Management Committee has been formed with an aim to assist the Board of Directors in its responsibility to oversee if the overall risk management process is at appropriate level. The Committee is to make sure that bank possesses efficient and effective risk management plan that covers all types of risks. In addition, the Committee is also responsible for setting, assessing, reducing, monitoring and reporting risk levels for the attention of the Board of Directors.

The composition of the risk management committee is as follows:

NAME	DESIGNATION
Dr. Bhogendra Guragain	Coordinator/ Director
Mr. Shrawan K Goyal	Member/ Director
Dr. Deepak Prasad Bhattarai	Member/ Director
Mr. Robin K. Nepal	Member/DGM
Mr. Arun Parajuli	Member/ Chief Manager
Mr. Apachh K. Yadav	Member Secretary/ DGM

The key responsibility of the risk management committee includes:

1. Determination of Statement of Risk Appetite and review & monitor the risk profile of the bank for consistency with Board Statement of risk appetite.

2. Oversee the internal capital adequacy assessment process.

3. Review and monitor capital levels for consistency with bank's risk appetite.

4. Review and approve bank's Credit Risk Management Framework.

5. Review and approve key policies and associated risk concentration limits supporting bank's Credit Risk Management Framework, including policies for the internal credit risk grading system, managing large exposures and industry concentration.

6. Review the approved limits and conditions that apply to credit risk approval authority delegated to the Chief Executive Officer and any other officers of the bank to whom the Board has delegated credit approval authority.

7. Review the credit risk profile, performance and management of bank's credit portfolio, including portfolio asset quality, portfolio concentrations, provisioning levels, bad debt recovery and internal risk grading system.

8. Review and approve the Bank's Market Risk Management Framework, Liquidity Risk Management Framework and key policies and limits supporting the framework.

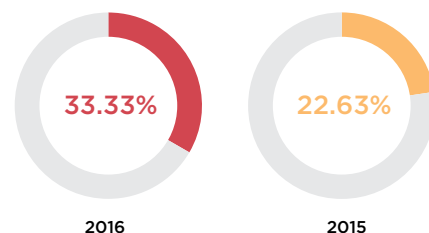
9. Review the monitoring of Bank's market risk performance and exposure against limits.

*The reason behind RMC formation is to assist the Board of Directors in its responsibility to oversee if the overall risk management process is at appropriate level and be responsible for setting, assessing, reducing, monitoring and reporting risk levels for the attention of the Board of Directors.*

## DIVIDEND DECLARATION

Growth: 10.70%

(in Millions)





# RISK REVIEW

10. Review and approve the funding plan for the bank and oversee management's monitoring of that plan.

11. Oversee and approve the internal liquidity adequacy assessment process and stress testing results, including approving liquidity targets and limits.

12. Review the monitoring of the bank's liquidity position and requirements.

13. Review and approve the bank's Operational Risk Management Framework and key operational risk policies.

14. Review the monitoring of the performance of operational risk management and controls.

## Managing Human Resource

### EMPLOYEE COMPENSATION AND BENEFIT COMMITTEE

The Employee Compensation and Benefit Committee is formed as per the provision of unified directives of Nepal Rastra Bank. The committee is involved in forming overall HR strategy aligned with the business strategy of the bank.

The composition of the Human Resource Management Committee is as follows:

NAME	DESIGNATION
Er. Bachh Raj Tater	Coordinator/ Director
Mr. Ratna Raj Bajracharya	Member/ CEO
Mr. Apachh Kumar Yadav	Member/ DGM
Ms. Prabhavati Bista	Member Secretary/ H-HRD

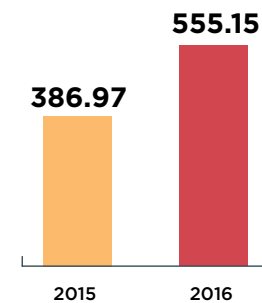
### SCOPE / RESPONSIBILITIES:

The Committee has the following responsibilities:

- Assists Board in preparing "Compensation Policy".
- Study and analyze compensation structure on regular basis along with impact analysis due to the changes in compensation in the industry and present report of such to Board.
- Recommend the Compensation increment of all the staff members including CEO to Board along with proper basis of such increment based on the Compensation Policy.
- Develop staff Job Description, Target/Objectives and performance evaluation criteria and review the performance appraisal process of staff members.
- Prepare policy and measures for Staff Management activities such as recruitment, selection, appointment, assignment,

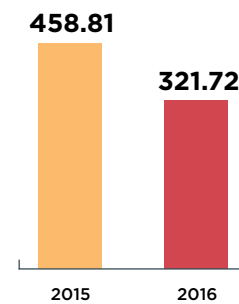
## NON INTEREST & FX INCOME

Growth: **43%** (in Millions)



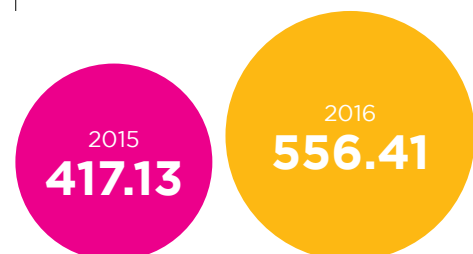
## LOAN LOSS PROVN.

Declined: **-30%** (in Millions)



## LOSS W/O

Growth: **33%** (In Millions)





transfer, promotion, skill development, Performance evaluation, reward and punishment and service/labour and provide it to Board.

f. Analyze/review Staff rules and current staff structure and prepare succession planning and recommend to the Board for approval.

### REMUNERATION AND OTHER COMMITTEES OF BOARD:

The details of the various meetings and its respective fees are as follows:

NAME OF DIRECTOR	BOARD MEETING	ATTENDANCE			RISK COMMITTEE
		AUDIT COMMITTEE	HRMAC	SUB COMMITTEE	
Motilal Dugar	23/24				
Bhogendra Guragain	23/24	3/5			
Bachh Raj Tater	23/24		11/11		
Shrawan Kumar Goyal	19/24				3/3
Malchand Dugar	19/24	4/5			
Jyoti Kumar Begani	21/24				
Shankhar Prasad Dahal	22/24				
Deepak Prasad Bhattarai	23/24	4/5			3/3
Deepak Nepal	23/24	2/5			
<b>TOTAL FEE</b>	<b>1,604,000</b>	<b>108,000</b>	<b>94,000</b>	<b>48,000</b>	<b>48,000</b>

### CODE OF CONDUCT/ ETHICS AND COMPLIANCE:

Every day, we strive to make financial lives better. As we help people, businesses and institutions achieve their financial goals, it is important that we always act responsibly - with honesty, integrity and fairness.

Based on banking values, the Code of Conduct is our guide to putting those values into action. We are each required annually to review, acknowledge and understand our Code of Conduct and sign a declaration to that effect. Besides, every officer and higher level staff are required to declare their assets and loan details annually. Entire staff members of Sunrise Bank

understand that maintaining ethics and compliance is essential.

#### ■ Human Capital:

We understand that human capital managed in an efficiently manner not only decreases the cost of the bank but also helps in increasing skill, knowledge and efficiency thereby boosting productivity. We provide various trainings to make our staff skillful. The Bank has been maintaining training calendar for rotationally training staffs which helped us come up with a strong well trained human capital base. We look forward for more development in the human capital base. The Bank's training budget is over Rs. 1.5 Million/annum.

*We help people, businesses and institutions achieve their financial goals. Entire staff members of the Sunrise Bank understand that maintaining ethics and compliance is essential. The bank looks forward for more development in the human capital base maintaining transparency in the Bank.*

# RISK REVIEW

## ■ Transparency in the Bank/ Communication to Shareholders & Stakeholders:

Sunrise Bank’s policy is to communicate openly and honestly and to provide stakeholders with all the information they need. We, through our Annual Report, Bank’s official website, public notices, press conference and reporting to all the statutory bodies and other government offices and published information as per Right to Information Act continuously maintain transparency on banks corporate affairs.

The Bank acts with initiative and enterprise in all its communications activities, and provides customers, the media houses and all other stakeholders with accurate information, in sufficient quantities about banks corporate status and affairs.

It is the Bank’s policy to ensure that the Information Officer is always accessible to the general public. Sunrise Bank believes on providing timely information to all stakeholders through press releases, public notices as well as two way interaction programs. The Bank has a plan to establish a dedicated Call Center to facilitate effective communication.

The Bank has also established a strong internal communication channel by informing staffs about matters concerning the banking and market

news, promptly, transparently and actively. The aim is to use internal communications as a means of ensuring an open and direct flow of information between the bank’s management and the employees.

## MANAGEMENT REVIEW AND RESPONSIBILITY:

The Management is responsible for maintaining corporate governance at bank. Management team should ensure work environment is maintained in accordance with code of conduct and ethics of the bank.

The Management should ensure that assets of the bank are secured properly and are managed in efficient manner so as to give value to our stakeholders. Management should also ensure mitigation of risk factors so as protect the bank.

The Bank’s management reviews the customer satisfaction from the products and services offered by bank. The Bank’s management also ensures the products offered are refined, reviewed and techno updated to maximize customer’s satisfaction on the modern banking era.

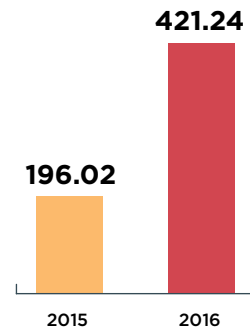
The Management has remained responsible for ensuring all other senior staff members are aware of their responsibilities and authorities. The Management has been ensuring that the Bank complies with all the regulatory requirements provided by NRB, Acts, rules and regulations.

The increment ratio of **Operating Expenses** from July 2015 to July 2016 is

# 24%

## GOVT. TAXES

Growth: 115% (in Millions)

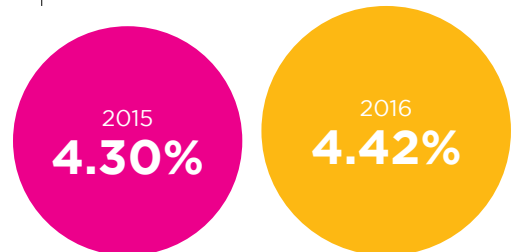


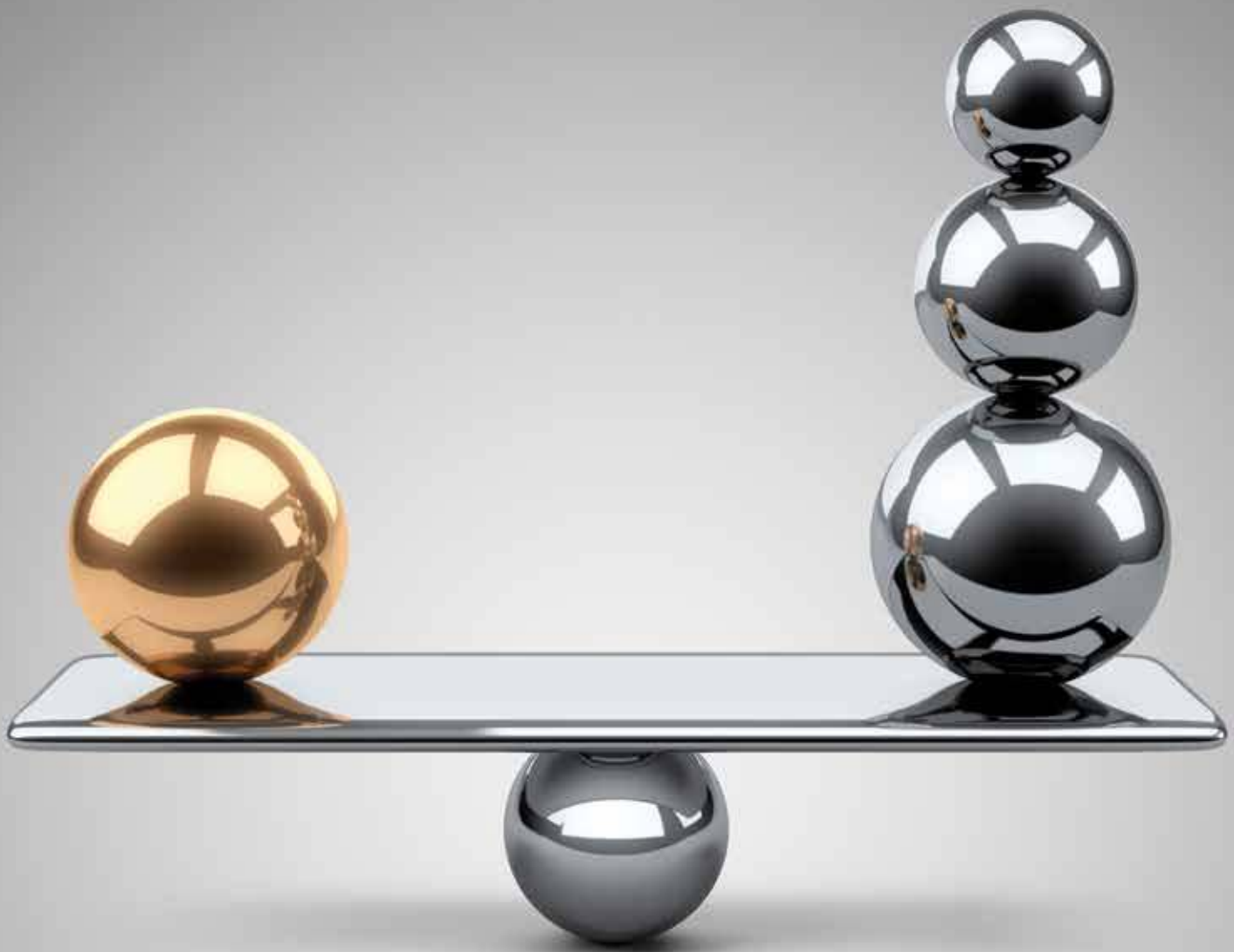
The decrement ratio of **NPL to Total Loans** from July 2015 to July 2016 is

# 1.68%

## INTEREST SPREAD

Growth: 0.12% (In %)





# Risk Management & Control Environment

The Bank holds a specific internal control mechanism for identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of unfortunate events or to maximize the realization of opportunities. Risk management’s objective is to ensure uncertainty does not deflect the endeavor from the business goals.

**CREDIT RISK**

A credit risk is the risk of default on a debt that may arise from a borrower failing to make required payments. In the first resort, the risk is that of the lender and includes lost principal and interest, disruption to cash flows, and increased collection costs.

We understand that credit risk management improve our overall performance and ensure a competitive advantage. Thereby, we have a Credit risk management system in practice for mitigating those losses by understanding the adequacy of both bank’s capital and loan loss reserves at any given time – a process that has long been a challenge for financial institutions. We have long lasting approach that helps in risk mitigation.

The Bank’s credit activities are guided by strict credit policy guideline and internal risk grading system and level by level review before sanctioning

of any loan. Besides this, the Bank fully complies with the policies and guidelines as prescribed by our regulating body- Nepal Rastra Bank in terms of single obligor limit, credit concentration in terms of sector lending.

We have a standardized credit approval process including well established procedure of comprehensive credit appraisal and rating. Further, we also have an internal risk grading system for rating our credit customers as well as products/facilities which takes into consideration both the qualitative and quantitative issues and credit enhancement features specific to the transaction. This internal rating serves as a key input in the approval as well as post approval process and is reviewed annually. The relationship officers and approving bodies are constantly updated with industry knowledge through site visits, interaction with clients and industry experts.



We understand that risk management improves our overall performance and ensures a competitive advantage. The Bank's credit activities are guided by strict credit policy guidelines and internal risk grading system and level by level review before sanctioning of any loan. Besides this, the Bank fully complies with the policies and guidelines as prescribed by our regulating body - Nepal Rastra Bank.

The credit policies are reviewed on a periodic basis and necessary changes are made as and when necessary. With regards to this prudent risk management system at Sunrise Bank has been able to decrease its NPA remarkably to 1.22% (2.90% last year) with the commendable work from our loan recovery department.

### MARKET RISK

Market risk is the possibility for an investor to experience losses due to factors that affect the overall performance of the financial markets in which the risk is involved. The risk is basically rate basis i.e. variations in interest rate, foreign exchange rate, equity prices and commodity prices. At Sunrise Bank, we are mainly associated with FOREX and interest rate fluctuations.

The Bank has been minimizing foreign exchanges risk through hedging of foreign currency exposure. The Bank uses derivatives using foreign currency forward contracts; we also diversify our foreign Assets-Liability portfolio and hedge against foreign exchange risk. We continually monitor the factors affecting interest rate, and the customers are informed accordingly. The control mechanism includes information system for reporting exposure, open position limits, dealing authorities for individual, independent settlement function, daily mark to market valuation and periodic review of policy and assumptions.

The market risk is managed through asset liability management policies approved by the Asset-Liability Management Committee (ALCO) under the chain of Chief Executive Officer. The committee stipulates liquidity and interest rate limits, monitors risk levels by adherence to the set limits and determines business strategies in the view of current and future expected business environment. Further to this, the investment policy of the bank addresses issues related to investment in different investment products and is approved by the competent authority.

Sunrise Bank uses various tools for measurement of liquidity risk including the statement of structural liquidity, dynamic liquidity gap statements, liquidity ratios and stress testing. The Bank maintains diverse sources of liquidity to facilitate flexibility in meeting funding requirements. Incremental operations in the domestic market are principally funded by accepting deposits from retail and corporate depositors. The deposits are augmented by borrowings in the short-term inter-bank market and through purchasing the treasury bills issued by Nepal Rastra Bank.

The interest rate risk is measured through re-pricing gap analysis and duration analysis. Also, the liquidity risk is measured through gap analysis. The bank maintains adequate liquidity at all times

*Market risk is basically rate basis i.e. variations in the as interest rate, foreign exchange rate, equity prices and commodity prices. The market risk is managed through asset liability management policies approved by the Asset-Liability Management Committee (ALCO) under the coordination of Chief Executive Officer.*

### CORE RISKS OF A BANK

- Credit Management
- AML Risk Management
- Asset Liability Management
- Foreign Exchange Management
- Internal Control & Compliance
- ICT Management



## RISK REVIEW

through proper funds planning and maintenance of liquid investment as well by focusing on more stable funding sources such as individual deposits.

The exchange rate risk is mitigated by stipulating stop-loss limits and position limits. The Treasury department at bank monitors the asset liability position. Further, Treasury department also determines compliance with various exposures and dealing limits, verifies accuracy of transactions, confirms these transactions, tracks daily fund positions and all treasury related management and regulatory reporting.

### **OPERATIONAL RISK**

Operational risks are those risks associated with failed internal processes, people or system, or from external events. Operational risk includes legal risk but excludes strategic and reputational risks. Operational risk is inherent in the bank's business activities and covers a wide spectrum of issues.

Operational risk can result from a variety of factors, including (but not limited to) failure to obtain proper internal authorizations, improperly documented transactions, failure of operational and information security procedures, computer systems, software or equipment, fraud, inadequate training and employee errors. Operational risk in Sunrise Bank is managed through a comprehensive system of internal controls,

systems and procedures to monitor transactions, key backup procedures and undertaking regular contingency planning. The control framework is designed based on categorization of functions into front-office comprising business groups, middle office comprising credit and treasury middle offices, back-office comprising operations, corporate and support functions. The independent reconciliation department, Transaction Stack System, MIS reports, Independent Internal Audit and Disaster Recovery Server are some of the effective mechanisms to minimize operational risk that are being practiced at Sunrise Bank.

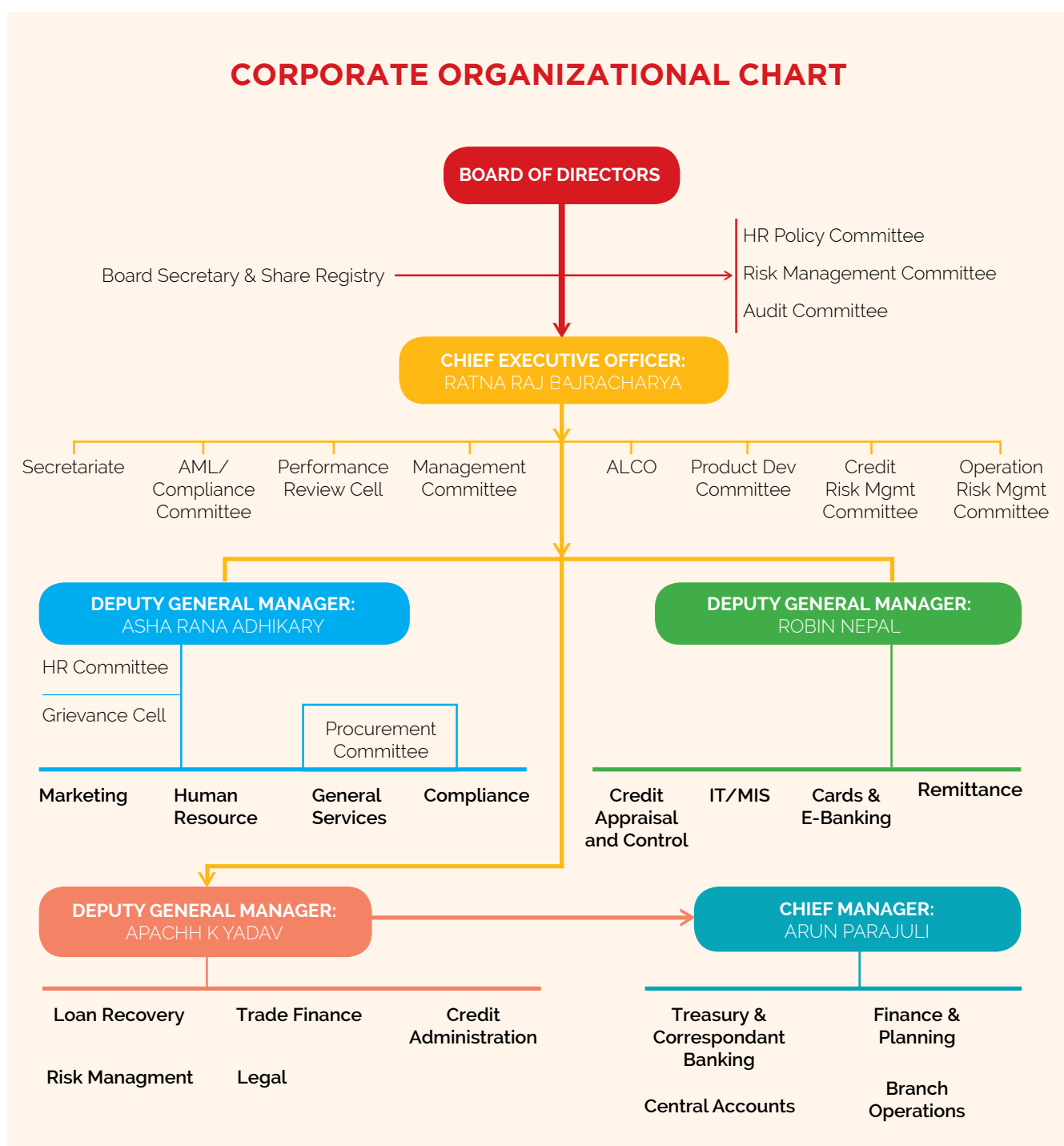
### **COMPLIANCE RISK**

Compliance risk is failure to comply with the rules and regulations. These rules & regulations can be internal i.e. internal policies, procedures, code of conduct and external i.e. compliance with the relevant directives, acts, rules and regulations issued by NRB.

At Sunrise, we have a full fledged Compliance Department in order to get every employee comply with the regulatory and legal framework and to mitigate the legal risk. Compliance department continuously updates the staffs regarding the rules and regulations to be followed in the various procedural aspects, trainings, e-learning, distant education, etc.

*The Bank has highly focused AML Compliance. It has trained and certified AML officers/ MLPOs who constantly watch and monitor any suspicious activity/ transaction that may be happening in the Bank. The department works through exception reports/ red flaggings generated by CBS, TTR reports, AML solutions etc and has been using Accuity Solution for PEP/Sanction list screening. Bank has an AML/Compliance committee to monitor general compliance & MLTF Compliance in the Bank.*

## CORPORATE ORGANIZATIONAL CHART



# HUMAN RESOURCE MANAGEMENT



Human Resources Department at Sunrise Bank Limited has carefully been designed to align with the objective of the Bank "To build HR team that continuously supplements the growth of the organization". Capacity Development to grow and sustain the business and operations of the Bank is the prime focus of the Bank's HR Strategy along with maintaining the HR standard in terms of numbers and qualitative human resources.



# Managing Human Resources

A professional management and operating leadership team is critical to the success of any enterprise. One of the most valuable assets of Sunrise Bank today is its core management and operational leadership teams at the corporate, divisional and branch levels. The Bank possesses an excellent blend of professionals from diverse backgrounds including senior managers from industry. This, by far, is the most valuable asset of the bank. The Bank's HR department has units that typically undertake a number of activities, including employee recruitment training and development, performance appraisal, rewarding and designing employee benefits.

- **Training and Development:** For the purpose of bettering the job performance of individuals and groups, HRD at Sunrise Bank comes with an education process be it in-house, external and overseas training programs, which involves sharpening of skills, concepts, changing of attitude and gaining more knowledge to enhance the performance of the employees
- **Succession Planning:** Sunrise Bank develops internal people with the potentials, in order to fulfill the key leaders of the Bank. Our plan increases the availability of experienced and capable employees

that are prepared to assume key roles as they become available. Through our succession planning, we recruit superior employees, develop their knowledge, skills and abilities and prepare them for the advancement or promotion into ever challenging roles.

- **Health and Safety:** We work in multidisciplinary field; we work for the safety, health and welfare of our employees. The main goal is to foster a safe and healthy work environment. We perform our common law duty to take reasonable care about the health and safety of our employees. Further to this, the bank has a provision of comprehensive medical insurance for staffs with the coverage of critical illness, and life insurance package.
- **Transfers:** Evaluating and executing employee transfers is an essential function of human resources management. Transfers can be horizontal, between departments, or vertical, from one level in the organization to another, either up or down. Employees are periodically transferred according to their expression of interests and the job tenure. We believe that our Employees get chance to develop their career from transfers and job rotations.

*One of the most valuable assets of Sunrise Bank today is its core management and operational leadership teams at the corporate, divisional and branch levels.*

The increment number of **Branches** from July 2015 to July 2016 is

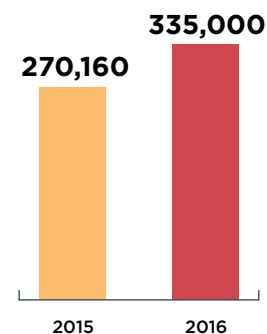
**14**

The increment number of **ATM** from July 2015 to July 2016 is

**4**

## DEPOSIT ACCOUNTS

Growth: **24%** (in number)





- **Performance Appraisal:** All the employees' job performance is documented and evaluated on a periodic basis. A specific criterion is pre-established and on the basis of that their appraisal is made. Employees organizational behavior, accomplishments, potential for future improvement, strengths and weaknesses is evaluated on fair and transparent basis.

- **Grievance Handling:**

Sunrise Bank has Grievance Cell under staff of HRD who directly reports to DGM, by which an employee may have his or her grievances addressed. For the high motivation of employee and their protection and to make the work environment healthy, employee grievances are handled adequately.

LEVEL (EXCLUDES OUTSOURCED)	MALE	FEMALE	TOTAL
Executive Level	4	1	5
Manager Level	30	6	36
Officer Level	85	21	106
Assistant Level	369	183	552
<b>TOTAL</b>	<b>488</b>	<b>211</b>	<b>699</b>

As on the Mid July 2016, the bank employees 653 permanent and probation staffs, 45 contract staffs and 96 outsourced staffs.

### CSR

We not only make our shareholders happy but also

are proactive to demonstrate our responsibility towards other stakeholders in the society. We know our continuing commitment to economic development while improving the quality of life of the work forces and their families as well as of the community and society at large, hence we have been contributing some part of the profits in such purpose.

Some of the initiatives that were undertaken as a part of CSR are:-

#### 1. CSR through Maitri Samaj Nepal (18<sup>th</sup> Sept, 2015 & 25<sup>th</sup> Sept, 2015)

On the occasion of eighth anniversary, Sunrise Bank on 18<sup>th</sup> September 2016 (At Janajagriti High School, Dhading) and on 25<sup>th</sup> September 2015 (At Shree Janachetana School, Lalitpur) through MaitriSamaj Nepal distributed white cane to the visionless people. On the occasion of every anniversary Sunrise Bank has been initiating on CSR activities.

#### 2. Placement of water dispenser and distribution of fruits (2<sup>nd</sup> Dec 2015)

We held program at Nawajyoti Centre in Baluwatar, Kathmandu on International disability day for placement of electronic water dispenser and distributed fruits and chocolates to studying children.

#### 3. CSR to Dayo Nepal (30<sup>th</sup> May 2016)

In the program organized by DAYO Nepal, at Kathmandu, we

distributed white cane to the earthquake affected blinds.

#### 4. CCTV Installation (15<sup>th</sup> Jan,2016)

Safety is our priority hence with a view to provide security; our Narayanghat Branch installed CCTV cameras at Third Vision Chitwan.

#### 5. Cricket Program (10<sup>th</sup> April 2016)

We support sports. We think of healthy and prosperous community. As a measure for healthy practice, we through our Pharping Branch, sponsored cricket match.

#### 6. CSR to Kailali Udhog Banijya Sangh

We with vision of public security installed CCTV cameras at Municipality in Kailali.

#### 7. Reconstruction of School Building

We helped in reconstruction of School Building of Gauri Shankar Bal Griha. The building had got destroyed in the earthquake and the school children were deprived from education, we as a part of our CSR helped in reconstruction of building.

#### 8. Plantation Program

We think of conserving our heritages. Ugratara Temple being heritage of Far Western Development Region was lacking natural beauty on account of plants. So, we took part in plantation program and helped conserve the heritage.

#### 9. Providing food and Water

At the Godawari Barha Barse Mela, we helped the public by providing water and food. The mela is held on every 12 years and a lot people visit this mela. Most of the people were benefitted from the facilities provided.

# PRODUCTS & SERVICES

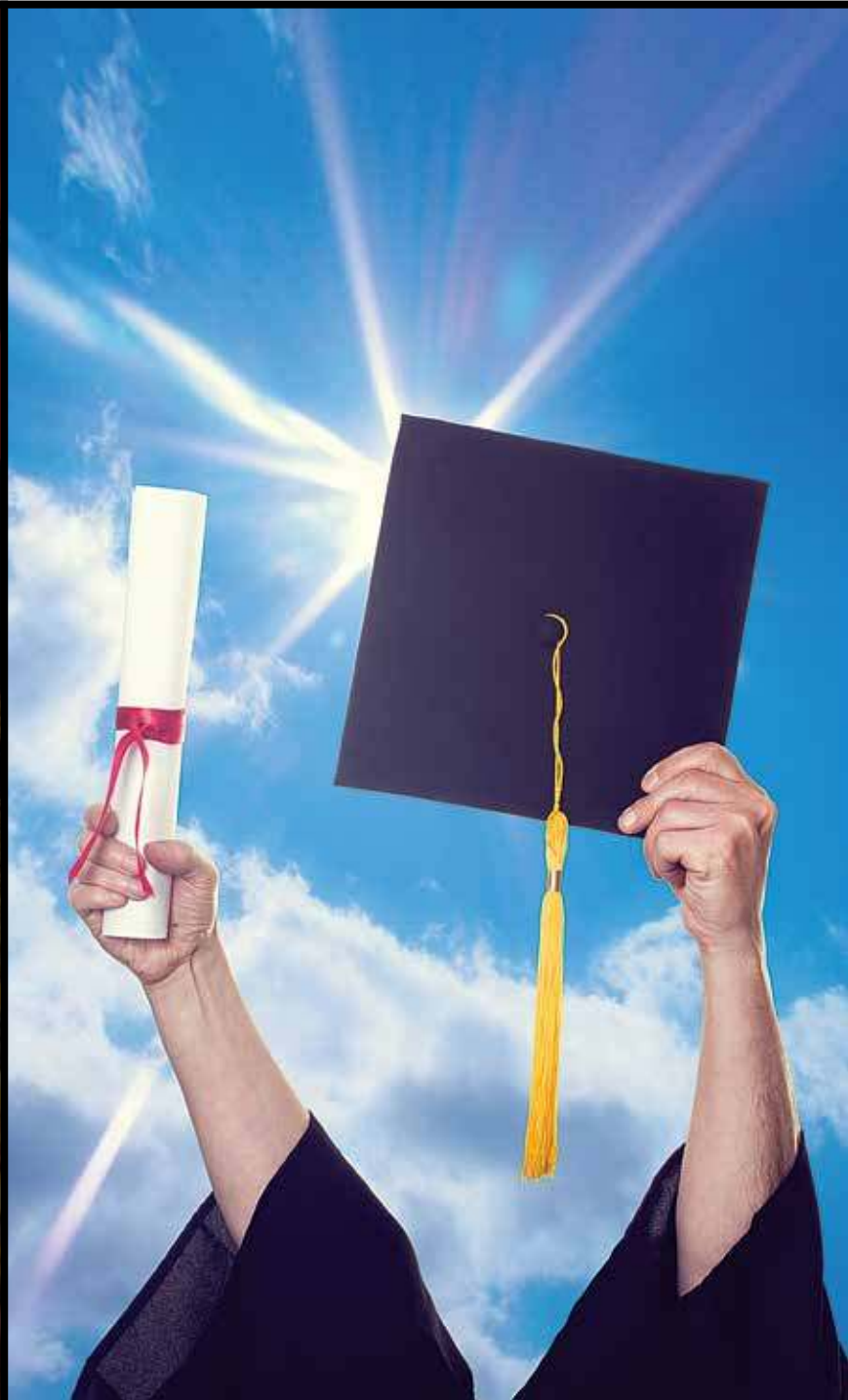
## सन्राइज सुरक्षित घर कर्जा

कर्जा, बीमा तथा बोनस





Towards bettering and enhancing the life of people, Sunrise Bank Limited is *"Rising to Serve"* by defining new levels of products and services whereby it wants to be the one stop for all products and services earning trust and faith from its valuable customers.



# Corporate Banking

We provide loan to meet the requirement of every corporate. We invest in your project, meet your working capital requirement and finance your export or import business. Interest rate and duration shall be decided on the basis of our agreement. Our corporate lending schemes not only meet the requirement of domestic corporate sector but also meet the requirement of the global corporates.

We offer to you a **Fixed Term Loan** for financing your existing or new projects, buy machineries and equipment's, land and buildings required for the project. The loan tenure shall be fixed as per your project duration so the financial obligations could be easily met by the projects.

We finance your Working Capital (Stock & Receivables) requirements by providing you **Overdraft Loan**. Also avail **Short Term Loans** by hypothecating your stock. **Demand loan** to help you build up your stock and receivables to a desired level, against which the loan will be disbursed. Period of repayment will be at the duration agreed by the borrower at the time of application justifiable by his/ her business activities.

We offer **Overdraft loan** to finance your daily working capital requirement and to support your stock build up. Through **Export Finance**, we offer to finance various export requirements such as pre-shipment loan and post-shipment loan, documents

negotiation / documentary bill purchase etc.

We also provide **import loan** to finance domestic and international trade transactions through letter of credit. We will finance to import your goods in the form of trust receipt upto a percentage of the total L/C amount as decided by the Management.

We coordinate with other financial institutions; participate as Lead Bank or a Joint/Co-Lead Bank to provide you **Consortium Loan** for funding both Fixed Term Loan and Working Capital Loans (Both Funded as well as Non Funded Loans). You can avail this loan for the establishment, capacity addition, up-gradation of existing facilities as well as acquisition/ takeover of existing facilities. The loan can be extended to manufacturing as well as service sector.

Most of the enterprises in Nepal are Small & Medium Enterprise. So to build them up, we partner with them and offer every

## OUR CORPORATE SERVICES:



*We provide loan for the requirement of every corporate. Our corporate lending schemes not only meet the requirement of domestic corporate sector but also meet the requirement of the global corporates.*



## SMALL & MEDIUM ENTERPRISES FINANCING

financial solution. The Bank's experience in partnering with SMEs has enabled it to develop non-traditional techniques for assessing credit risk and providing appropriate solutions distinct to their needs. The Bank also offers supply chain financing solutions and funding to the channel partners of large corporate. The Bank has set up dedicated desks in all of the 67 branches catering to SMEs and has specialized teams for current accounts, trade finance, cash management services and doorstep banking. The Bank continued to pursue a strategy of calibrated growth of the SME portfolio with higher focus on managing concentration risks, diversification of portfolio, monitoring and enhancement of collateral.

### DEPRIVED SECTOR FINANCING

Sunrise Bank has deprived sector loan in two forms. They are deprived sector wholesale lending and individual deprived sector lending. Under wholesale lending we provide loan to Microfinance, Co-Operatives, social project loan, and group agricultural project loan while under individual deprived sector lending underprivileged and rural people are provided loan with or without security for education, small business, agriculture, foreign employment, etc.

### SUNRISE GOLD LOAN

For financing your household expenses, expenses during festivals, family functions, etc. pledge your gold with us. Only individuals (including staff member of Sunrise Bank) meeting the KYC policy requirement as well as Gold Valuation Criteria can avail the facility from NRs. 20,000 to 1 Million.

### LOAN AGAINST FIXED DEPOSITS AND GOVERNMENT BONDS

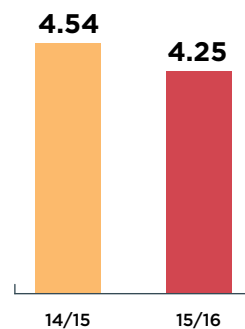
We finance up to 90% of value of Bonds, Promissory note (except those specially marked as ones against which loans cannot be granted) issued by the Government/Nepal Rastra Bank.

Also finance pledging the Bonds issued by the commercial banks to meet up your working capital requirement. Beside finance up to 90% value of FDR, issued by the Banks in Nepal either in Nepalese or convertible foreign currency.

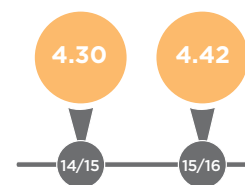
### LOAN AGAINST BANK GUARANTEES

Sunrise Bank extends various loans, funded as well as non-funded, against unconditional guarantees issued by First Class International Banks.

### AVERAGE COST OF DEPOSITS (in %)



### NET INTEREST SPREAD (in NPR)



### INFRASTRUCTURE

The Bank has set up dedicated desks in all of the 67 branches catering to SMEs and has specialized teams for current accounts, trade finance, cash management services and doorstep banking.



# CARD & E-BANKING PRODUCTS AND SERVICES:

### INTERNET BANKING

Bank online services, securely and conveniently, from the comfort of your home or office can view your bank account details and account balance, transfer your funds, make payment for IELTS, TOEFL, GRE, GMAT, etc., pay your utility bills through our internet banking services. Sunrise bank provides different internet banking facilities like,

- Balance Enquiry
- Statement
- Interest Statement
- Fund Transfer to Other Account
- Fund Transfer to E-sewa
- Utility Payment [NTC/Ncell]

### BRANCHLESS BANKING

Sunrise Bank Branchless Banking locations include rural areas of Nepal where there is no any presence of bank branches physically. We continue to grow and increase our Branchless Banking Network across Nepal. At present, we have 10 branchless banking services through which financial services are being provided.

### SUNRISE SMART BANKING

Mobile App & mobile Web Features brings all your favorite banking tasks in one place. Your finances at your fingertips anytime check balances and recent transactions, check deposits, transfer funds and pay bills, retrieve alerts and notifications

with the help of mobile banking feature of sunrise Bank Limited. Sunrise Bank presents Smart Banking to the customers. Customers can download the Sunrise bank mobile application and enjoy the facilities provided by the application.


### LOCKER

Safe Deposit Locker facility is one of the value added services provided by the Bank to its customers. The Bank provides specially designed lockers from reputed manufactures which are kept at specially built strong rooms at branches for safe keeping the valuables of the hirers.

- Safe Deposit Locker facility is available at our selected branches across Nepal. Lockers of different sizes to suit the needs of customers are available.
- Safe Deposit Locker facility can be availed by individuals – either singly or jointly, Partnership Firms, Companies, Associations and Clubs.

### SUNRISE VISA DEBIT CARD

With our specifically designed Visa Debit Card get anytime access to your funds. Sunrise VISA Domestic card can be used in any of the Visa ATMs and Visa Merchant locations, both in Nepal and India. Similarly, Sunrise VISA International can be used in any of the VISA ATMs globally. The card system at Sunrise is



**INTERNET BANKING**

View your bank account details and account balance, transfer your funds, make payment for IELTS, TOEFL, GRE and GMAT, pay your utility bills through our internet banking service.





backed up by advanced technology infrastructure and hence is secured and convenient to use. The VISA card can be used at point of sales for payment purposes.

### **SURYODAYA REMIT**

SURYODAYA REMIT" - is a web-based online money transfer product of the Bank designed to facilitate transfer of funds by Nepalese expatriates working / living in foreign countries as well as for Domestic Transfer of funds. SURYODAYA REMIT is secured by means of VeriSign and Digital Certificates mapped to each user separately. It is fast, affordable and secure.

Remittance Business arrangement with more than twelve Exchange Companies from eleven different countries for international remittance business and a huge network of more than 5,000 payout locations spread across the country for disbursement of remittance payments are some of the

prominent achievement made by the bank during a short span of time.

- Anywhere (Any branch or agent) payment System
- Ability to provide a secured and reliable means of remittance information
- Wider coverage network
- Fast and convenient with minimum charge
- Direct Credit to beneficiary's Account maintained with SrBL and all commercial banks of Nepal.
- AML and KYC compliant features

### **FINANCIAL ADVISORY CELL**

A financial advisory cell under the SME Department is planned to be set up soon. The primary objective of the Cell is to take up special tasks in educating the SME customers on business finance and working capital management. The Cell is planned on a self sustaining basis charging nominal fee for providing advisory services to the customers. The advisory cell is aimed to create

awareness among the borrowers on enhancing their knowledge in bettering their financial management.

The financial advisory cell helps the customers to take strategic financial decisions so as to reduce the chance of business failure. The cell helps in the area of costing and budgeting, cash flow and working capital management, financial management etc. Thus, with this advisory service, the customers would be able to choose the most suitable credit facility for meeting their funding requirement.



# Valuing Partnership

## DEPOSIT SCHEMES

We know the value of your money and your expectations in the form of services and returns. Hence, we serve you with the deposit products of your requirement. Our schemes also suit the requirement of international customers. Schemes have been further classified into saving, fixed, call and current deposit. These schemes range from non-interest bearing account to various savings products and high yielding fixed deposit. The insurance coverage of accidental death and permanent disability is valid in all saving accounts.

### A. SAVING ACCOUNTS

From our saving deposit schemes, we encourage you to save. Your small savings leads to our huge deposits. Save with no limit and earn return and get efficient services and help build you and us. Please have a review of our saving deposit scheme and select the best one for you.

### NORMAL SAVINGS

We have normal saving deposits which is meant for those individuals and households who have the habit of saving hard-earned money from their regular earnings so that they can use it when they require. With no limitation in deposit and withdrawals, the product provides emphasis on personalized services to the customers.

### NORMAL SAVINGS



### SUNRISE FAT SAVINGS

We thought about your interest rates, and come up with Sunrise Fat Savings offers high interest rates. The product targets interest sensitive customers who also give priority to attractive features that come along with the product.

### SUNRISE EXCLUSIVE BACHHAT KHATA

Wish for higher interest rates in any saving account, we fulfill through our Sunrise Exclusive Bachhat Khata. Through this account you can wish to have comparatively higher interest rates in any of the Savings Products.

### SUNRISE EXCLUSIVE BACHHAT KHATA

### SUNRISE BAL BACHHAT KHATA

### SUNRISE BAL BACHHAT KHATA

Fulfill your responsibility of being in parenthood, teach your children to save, save for them yourself and invest in the education and other sectors of your child in later in their life. As your children grow to be 16, the deposit is allowed to withdraw.

### SENIOR CITIZEN DEPOSIT

After you turn 50, we know you want the safety of your capital, assured returns and regular payouts. So we being your partner help you through our Senior Citizen Saving Account with emphasis on personalized services. This account gives you higher rate of interest as compared to normal saving account. Further, from this account you get discount in the other services provided by the bank.



### SUNRISE SUPER SAVINGS ACCOUNT

### SUNRISE SUPER SAVINGS ACCOUNT

Come to us save your high turnover and get healthy interest rate on Sunrise Super Saving account.

## SUNRISE DISABILITY SAVINGS ACCOUNT

Sunrise disability saving account is a part of our CSR initiatives. We are the newest in the banking industry to provide this service. Apart from good return we provide other banking facilities too.

## SUNRISE FOREIGN CURRENCY ACCOUNT

We think international, too. You might be an individual working abroad or both individual and corporate involved in trading around the globe or might be any country's national, open your foreign currency account in USD, GBP, EUR, etc.



## SUNRISE BISHESH BACHHAT KHATA

## SUNRISE BISHESH BACHHAT KHATA

With lower minimum balance and higher interest rate, no limit on your deposit amount, with 50% discount on VISA Debit Card fee for the 1st year and with free mobile banking facility for the first year only, we have Sunrise Bishesh bachhat Khata for you.

## SUNRISE FOREIGN CURRENCY ACCOUNT

## SUNRISE PINK BACHHAT ACCOUNT

We know about your unique saving habit so women customers are requested to save in Sunrise Pink Bachhat Account and increase their access to productive resources.



## B. FIXED DEPOSITS

Deposit your idle fund with us for a period of time and help the fund build both you and us. Get competitive interest from us, agreed at the time of account opening. Interest depends upon the volume of your deposits and the maturity period. For the individuals we have **Sunrise Bishesh Muddati Khata** whereby the depositors get high interest rate for deposit during the tenure of 1 year. You are allowed to take loan against the fund up to 90% of it within the tenure of the deposits.

## C. CALL ACCOUNTS

We have call accounts which provide unlimited withdrawals and deposits. Unlike fixed deposits it provides easy access to your funds. Call accounts also provide you the facility of savings accounts through accrual of interest. The rate of the interest on your call account depends on the amount of your deposits. We have call accounts for both individual and corporate clients.

## LENDING SCHEMES

Get your every requirement financed from the lending schemes of Sunrise Bank. We help in your personal and business growth through our lending schemes. Grow yourself and help grow us with attractive interest rates on loan schemes.

### SUNRISE HOUSING LOAN SCHEMES

#### SUNRISE HOUSING LOAN SCHEMES

Your dream of owning home can be fulfilled from various home loan schemes we provide. Purchase, construct or extend your home financing it from Sunrise Bank. We offer you EMI home loan with competitive interest rates so you can have your dream fulfilled with less financial burden.

#### SUNRISE SURKASHIT GHAR KARJA

We suffered from a massive 7.8 magnitude earthquake in April 2015. With a thought of building our nation again we brought to you a special scheme of housing loan Sunrise Surakshit Ghar Karja. Don't only build your home but also be insured fully from the scheme during the tenure of the loan. Let your family not bear the financial burden in case any unwanted such as total permanent disability, death, etc happened to you.

In this scheme, if the borrower died in case of accident, nominee will get an extra amount equal to the sum assured or Rs. 3,000,000 whichever is lower. In case of permanent disability, the premium will be waived equal to sum assured or NRs. 3,000,000 whichever is lower for the remaining period after disability. In Addition, borrower will get monthly income benefit for maximum ten years of time or remaining tenure of policy whichever is lower.



#### Margin Lending

Pledge the shares of "A" category companies (Categorised by Nepal Stock Companies) and finance 60% or 50% of the market value respectively. Invest as well as finance through our margin lending facility.

### SUNRISE PERSONAL OVERDRAFT

Financing is always termed tough. Now avail easy loan using Sunrise Personal Overdraft. Meet your personal and social obligations mortgaging your fixed assets collateral with us. Feel convenient, make your loan revolving or non-revolving as you choose to. The tenure and repayment is also easy on our **Sunrise Sajilo Karja**.

### SUNRISE PERSONAL OVERDRAFT

### SUNRISE AUTO LOAN

### SUNRISE AUTO LOAN

Buy yourself an auto (commercial or personal purpose), be it either new one or the used one. Pledge the auto in banks favour and avail the hire purchase loan. The product has been successful as it is designed in such a way that it meets the need of every one of you.

### SUNRISE AGRICULTURE LOAN

If you are engaged in agricultural activity as a farmer, we provide loan especially for the upliftment of farmers, for the upgradation of technology or other activities related to agriculture sector. We hope using our **Sunrise Krishi Karja** we will be able to contribute for the development of the agriculture sector, the backbone of the economy.

### SUNRISE AGRICULTURE LOAN

### SUNRISE SIGNATURE LOAN

Innovation in product is always a priority at Sunrise. Removing the hassle of mortgaging fixed assets collateral for the bank financing, Sunrise Signature Loan is provided on the basis of the reliable/ steady income and net worth of the customer.

The loan is provided to the customers for a legitimate purpose like medical treatment, meeting domestic or foreign travel expenses, meeting educational expenses, wedding expenses, purchase of home utilities and meeting various personal and social obligations.

Since the loan can be availed without any fixed assets collateral, the product is targeted to high creditworthy individuals with a stable source of income working at reputed corporate houses, government & government agencies, banks and financial institutions, NGO/ INGO, self employed professional doctors, engineers, chartered accountants etc.

The processing of the loan is hassle free & prompt and hence is an attractive and innovative product.



# FINANCIAL STATEMENTS



...TOWARD CONTINUOUS GROWTH. Sunrise Bank is "Rising to Serve" by defining new levels of services and products.





# Directors Responsibility Statement

Respected Shareholders,

The Board of Directors has the pleasure of presenting the 9th Annual Report of the Bank together with Auditors' Report, Audited Financials and the business and operation of the Bank for the financial year ended in mid July 2016.

Please have a review of the Bank's previous and current financial status, improvements we have made in the years. The products we offer, services we provide to customers and value we build to your investments.

This annual report is prepared in accordance to Banks & Financial Institution Act, 2063, Company Act, 2063 and NRB Circulars & Directives issued from time to time.

## NATION'S ECONOMIC CONDITION

During the previous financial year, increase in Gross Domestic Product as per the government's forecast was 6%. But due to the disaster in April 2015 and the blockade of imports at the southern borders, net increase in GDP is expected at 0.8% only. The foreign exchange fluctuations, although expected only to increase to 8.5%, turned out to be 9.9%. Fluctuation in the previous year was only 7.2%. Benefits of reduction in the price of processed Oil as well as commodities or from the lower inflation in the neighbouring countries couldn't be obtained due to blockade in the southern borders. Although during the last financial year Nepal Market

lost only 703.48 Billion there is still 140.32 Billion saving in the balance of payments.

To meet the target set by Nepal Rastra Bank for increase in paid up capital of the banks and financial institutions, few banks and financial institutions have adopted the strategy of merger and acquisition (M & A). Although there has been some reduction in number of financial institutions due to M & A, there has been large increase in the branch network which means banks and financial services are spreading across the country. Up to mid June 2016 there were in total 182 Banks and financial institutions consisting; 29 "A" class Commercial Banks, 68 "B" class commercial banks, 44 "C" class financial institutions and 41 "D" class micro finances. Similarly, "A" class Commercial Bank had 1,851 branches, "B" class development banks had 848 branches, "C" class financial institutions had 190 branches and "D" class micro finances had 1330 branches. In total there were 4,219 branches till mid June 2016.

There has been high liquidity in banking sector in the first few months of 2015/16; hence there has been reduction in the interest rates. To make the interest rates on lending transparent and competitive and in order to help to minimize the spread between the rates of deposits and loan, from 2015/16 we have began to review the base rate as well.

The long awaited Constitution of the country was promulgated

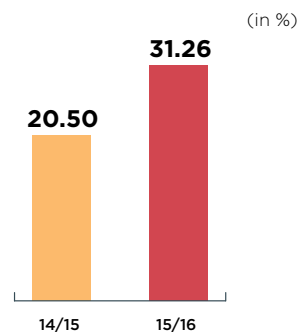
## RETURN ON ASSETS

1.62%

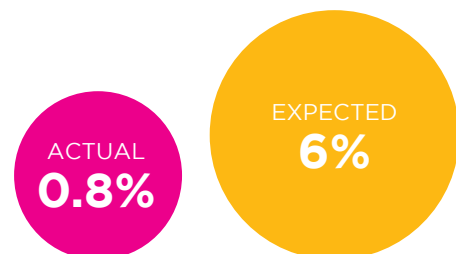
## COST OF FUND

4.52%

## PRICE EARNING RATIO



## GDP



REASON: NATURAL CALAMATIES & BLOCKADE



in September, 2015, hence we expected a countrywide long lasting peace and subsequent increase in the financial activity and investment friendly economic environment. However, strikes, and blockade of the southern borders and the earthquakes made a negative impact in the environment. Due to the nation's unstable political conditions in the last few years long term economic strategy couldn't yet be implemented, scarcity of energy is still faced by the nation which brings decline in the industrial activity and production.

Although there has been challenging economic conditions, volume of inward remittances has increased and has been a huge contribution to the nations GDP. GDP based on foreign remittance may not be good in the long run, hence alternatives have to be looked for.

Nepal Rastra Bank's monetary policy for the year 2073/74 has made some provisions which may impact the Banking industry. Policies such as, corporate deposit limit, direct financing in Deprived Sector, limit in the margin lending, etc may affect the industries. However, Sunrise Bank has strong individual deposit base and directs lending in deprived sector which help us overcome the effects.

**PAID UP CAPITAL**

It has been a challenge for every Bank somewhat adversely to meet the paid up capital requirement of min. Rs. 8 billion by the end of FY 2073/74 as directed by the Central Bank.

However, we have a vivid capital plan to meet the challenge. We had initially planned to meet the challenge by merging with a commercial bank having paid up capital up to Rs. 250 million but we changed our plan as the terms did not match. Rather, we acquired Narayani National Finance Limited and we again acquired another finance company, NIDC Capital Market Ltd. along with its subsidiary and then proposed 33.33% bonus in the extended capital. After issuance of bonus shares the paid up capital will reach 5.45 billion. We are also planning to issue 30% right share which is also proposed in the AGM, which will increase capital to Rs. 7.9 billion. After bonus share issuance from profit of FY 2073/74, our paid-up capital will surpass Rs. 8.0 billion mark.

**DEPOSIT MOBILIZATION AND CREDIT FLOW SITUATION OF COMMERCIAL BANKS**

As already mentioned due to high liquidity in the beginning of fiscal year all the commercial banks had to lower the interest rate on the deposits, still yet a large improvement is seen on the deposit amount. In the year, deposit of the Sunrise Bank increased by 54% and has outperformed other banks in the industry.

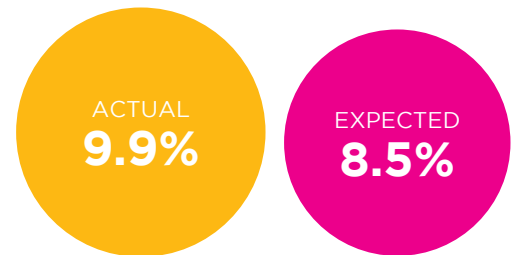
These deposits are well mobilized in various sectors from SME to corporate sector by the banks. Sunrise bank's loan and advances increased by about 60% which shows well mobilization of the deposits of the customers.

*We have proposed 33.33% bonus shares in the AGM. After issuance of bonus shares the paid up capital will reach 5.3 billion. We are also planning to issue 30% right share which is also proposed in the AGM.*

**PAID UP CAPITAL** (In Million)

**5,301.40**

**FOREIGN EXCHANGE FLUCTUATION**



**REASON:** BENEFITS COULDN'T BE OBTAINED FROM BLOCKADE

# FINANCIAL STATEMENTS

## REVIEW OF THE YEAR 2015/16

### 1. Financial Condition

The comparative study of the financial indicators of the bank on a year to year basis is as follows:

*In Millions*

HEADINGS	MID- JULY		INCREMENT	
	2016	2015	AMOUNT	PERCENT
Paid-up Capital	3,976.0	2,443.7	1,532.30	62.70%
Total Deposits	51,650.3	33,486.7	18,163.60	54.24%
Total Loans	43,749.1	27,392.0	16,357.1	59.71%
Investment	8,172.4	7,259.8	912.60	12.57%
Reserves and Surplus	843.2	375.3	467.90	124.67%

Due to contribution made by Narayani National Finance and other favorable banking condition throughout the year, we are able to achieve such a huge improvement in the year.

### 2. Operating Result

The Bank has been able to increase the net profit by 102%, with net profit of 951.3 Million during the current fiscal year.

*In Millions*

HEADINGS	MID- JULY		INCREMENT	
	2016	2015	AMOUNT	PERCENT
Interest Income	3,095.5	2,402.6	692.9	28.8
Interest Expense	1,591.9	1,296.3	295.6	22.8
Net Interest Income	1,503.6	1,106.3	397.3	35.9
Fees & Commission	555	387	168.0	43.4
Staff & Operating Expenses	781.60	628.4	153.2	24.4
Other (Income)/Expense	1.9	89.6	-87.7	-97.9
Changes in Loan Loss Provision	-234.7	41.7	-276.4	-662.8
Profit after all activities	1509.8	733.6	776.2	105.8
Staff Bonus and Income Tax	558.5	262.7	295.8	112.6
Net Profit	951.3	470.9	480.4	102.0

Note: NNFL revenue not added.

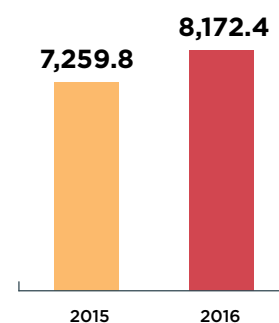
During the period, the Bank's increase in the interest income was by 692.9 Million while there was only 295.6 Million increments in the interest expenses. It was possible due to the high liquidity available during

the fiscal year and decrease in the deposit interest rates. The bank also earned a lucrative fees and commission, increment was of 168 Million during the review year. Bank has been able to recoup the Loan Loss Provision

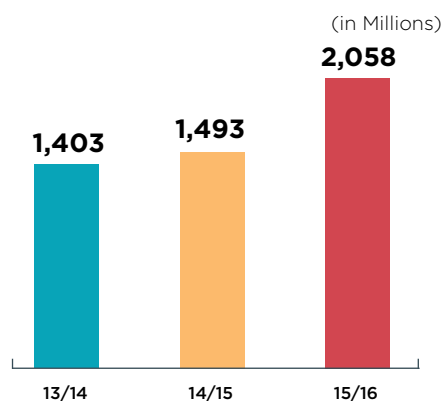
### INVESTMENT (in Millions)

Increment Amount : 912.60

Increment Rate : 12.57%



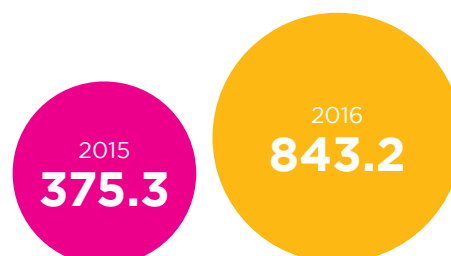
### TOTAL OPERATING INCOME (in Millions)



### RESERVES & SURPLUS

Growth: 124.67%

(In Millions)



of NRs.556,405,345 and net loan loss provision reversal of NRs.234,687,402 which helped to make the year profitable. All these contributed to increase the net profit by 102% during the fiscal year.

### CURRENT AND UPCOMING PROGRAM

The Bank has introduced various personal and corporate finance products in order to meet the capricious tastes of the customers. The Bank has rolled out home loan product tied up with the endowment insurance policy as per the current market demand. The product is available at all our branches. The loanee is fully secured; if the loanee dies during the tenure then the insurance company repays the loan amount. Otherwise, at the end, the loanee shall receive the bonus amount after settlement of the loan. The loan can be used as an instrument of saving as well for hedging the risk. The demand of the product is increasing. Focusing on renowned professionals, Bank has also been providing Signature Loan products in the market and began to finance maximum 1.5 million.

Providing the various loans on the basis of the situation, Bank has introduced different loan products to cater the individual and business need of the customers. Keeping priority in the field of deprived sector lending and agriculture loan; the Bank has formed a separate department for the same and has been providing loan from its branches deputed with separate staffs.

In the days to come as well, the Bank shall provide continuation in providing SME loans in line with the country's economy, Sunrise Surakshit Ghar Karja, deprived sector loan, agriculture loan, etc. In addition to this, the Bank has been increasing credit flow in the field of projects relating to energy, tourism and productive sector and has also prioritized short term loan for business purpose. We shall flow the loans by identifying probable sectors in the days to come.

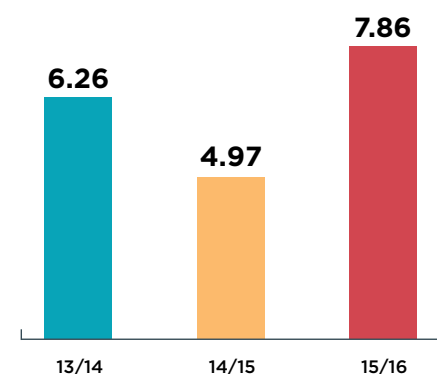
From this year, targeting the employees sunrise bank has introduced **Payroll saving account**. Our customer base is increasing continuously. Deposits have helped us maintain the portfolio risk in a well manner. As prescribed by the regulating authority the bank has made investment in government securities for the liquidity management purpose. The policy of the Bank to invest liquid assets in the secure area shall remain as before.

The Bank has continuously put its effort in upgrading technology for providing better services to the customers through mobile banking, internet banking, card and other related services.

The Bank has signed MoU with NIDC Capital Markets Ltd. for acquiring it and it may be a milestone for bank to make contribution in capital market and mutual fund operations.

*The bank has continuously put its effort in upgrading technology for providing better services to the customers through mobile banking, internet banking, card and other related services.*

### REMITTANCE FEES (in Millions)



## REMITTANCE SERVICE

The bank has been providing remittance services from gulf countries including Malaysia and Israel through Suryodaya Remit, bank's own branding. To compete with other remittance companies, Sunrise Bank has made agreement with Indusland Bank of India to provide remittance services to Nonresidential Nepalese living in India. We have also entered into agreement with Industrial Bank of South Korea in order to start the remittance services from there as well. We have plans further to expand our presence to every corner of the world particularly, in areas where Nepali diaspora are present through our remittance services.

## IMPROVEMENT IN TECHNOLOGY

In order to be more efficient, we are soon migrating from our current banking software T24 to Finacle\*. We hope to implement the software within third quarter of the fiscal year 2073/74. Along with the implementation of the new software in order to increase the service efficiency we are planning to keep a disaster recovery site outside of Valley. We have recently implemented VISA debit card and further are moving to issue VISA credit card facility to our customers. The card in future would be of chip based technology (EMV). During the review year we have also entered into agreement with the Nepal Clearing House, we had started interbank payment system from 17th August 2016.

## BRANCH EXPANSION

Post-acquisition of Narayani National Finance Company Limited, now we are operating with 67 different branches and 2 extension counters. We have already started branchless banking facilities in 10 different locations of the country. During the current financial year we are planning to relocate the double branch in the same location as well as to establish 6 new branches at 6 locations in the country.

## CUSTOMER RELATION AND RISK MANAGEMENT

Total number of our customers increased to 325,000 till the review period compared to about 225,000 customers last year. And the number is increasing continuously. There has been increase in both amount of deposits and no. of accounts opened during the period.

The bank with the help of healthy and customer friendly environment, has been able to maintain a good relationship with its customers. The Bank, since its inception, has been able to provide high quality services to its customers.

Besides maintaining good relationship with its customers, the bank is also mitigating compliance and money laundering/terrorist financing risks. For this, periodic review of the accounts is made along with transaction monitoring. Various

\* Bank has successfully migrated to Finacle Version 10 and started operating in Finacle from 24<sup>th</sup> December 2016.



## IMPROVEMENT IN TECHNOLOGY

We hope to install the new software within second quarter of fiscal year 2073/74. Along with the implementation of the new software in order to increase the service efficiency we are planning to keep a disaster recovery site outside Valley.



## CUSTOMER RELATION MANAGEMENT

Compared to 225,000 customers last year; we increased to make it more than 325,000 customers during the review period. The bank along with the help of healthy and social environment has been able to maintain a good relation with the customers.



compliance requirements are compiled with while opening account, e.g. KYC compliance to AML/TF compliance. We have an internal control mechanism in place in order to mitigate the risk from credit clients as well. The staffs are trained on regular basis in order to increase their knowledge and understanding.

### HUMAN RESOURCE MANAGEMENT

Our total number of employees increased to 699 last year from 485 in the previous year. The human resource department of the bank has been successfully planning to recruit right staff at right place. To increase the staff efficiency, the bank provides them with healthy environment where professional attitude, team work and creativity are cultivated. We have also given high priority to staff training, and during last year we provided external training of 1179 man-days and internal training of 541 man-days.

### CORPORATE GOVERNANCE

The Board of Directors and management are always committed in maintaining good corporate governance in the bank. The Board of Directors, CEO and staffs have complied with the provisions related to corporate governance as provisioned by Nepal Rastra Bank.

### CONTRIBUTION TO GOVERNMENT/TAX

As the profit in the review period increased by 102%, similar was our contribution in the form

of tax. Our contribution in the period was 427.1 million which includes Rs.128.4 million taxes on account of depositors, Rs.34.7 million taxes on account of employees, Rs.6.5 million taxes on account of rent. Besides, we have been complying with other tax deligation such as deduction of tax at source from payment of House Rent, Salary, interest to corporates and individuals, paying VAT on goods and services procured.

### COMMITTEES

In order to control and monitor the operation of the bank, follow policy guidelines; different committees like Risk Management Committee, Audit Committee and Staff Service Facility Committee including Directors have been in operation. In coordination of non-executive director, two members in audit committee regularly review the financial status, internal control and risk management systems.

*As the profit in the review period increased by 102%, similar was our contribution in the form of tax. Our contribution in the form of taxes to the government was 427.10 million during the review period.*



# FINANCIAL STATEMENTS

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During the review period, the audit committee meeting was held 9 times.

Similarly, in the management level, there are committees like Asset Liability Management Committee, Human Resource Committee, AML/Compliance Committee, etc. These committees are overseeing the regular activities and different functions of the bank as per TOR.

## **FINANCIAL STATEMENT AND AUDIT**

The Balance Sheet, Profit & Loss Account, Cash Flow Statement, Schedules and Auditor's Report as of FY end 2015/16 is endorsed by this Annual General Meeting.

## **DIRECTION FROM NEPAL RASTRA BANK IN THE PROCESS OF APPROVAL OF FINANCIAL STATEMENTS**

As per the remarks and guidelines provided by Nepal Rastra Bank, we are committed to improve our transactions and functions of the bank.

## **AMOUNT PROPOSED FOR DIVIDEND**

As per the directive issued by Nepal Rastra Bank to increase the paid up capital of the bank to NPR 8 Billion(min.) by mid-

July 2017, the bank has proposed to distribute 33.33% (NPR 1,325,348,800) bonus share. After issuing bonus share the paid up capital of the bank will be 5.45 billion.

We request you to approve bonus share proposed by the Board of Directors.

## **CHANGE IN BOARD OF DIRECTORS AND MANAGEMENT**

Director Mr. Shrawan Kumar Goyal has resigned with effect from 3rd June 2016 and the resignation has already been accepted. We would like to thank him for the contribution he has made for the policy formation and providing fruitful suggestions to the operations of the bank during his tenure.

Similarly, Mr. Ram Krishna Manandhar has been appointed as member of the Board effective from 21st July 2016. Similarly to comply with the directive of Nepal Rastra Bank to include 4 directors each from the promoters and the general shareholders, we need to amend the Article of Association of the bank. Hence, this AGM proposes to amend the MOA/AOA such that there will be 4 directors from promoters and 4 directors from general shareholders and 1 independent director.

Lastly, reiterating the fact that the bank has been able to achieve remarkable growth in its transaction during the year; we would like to thank our shareholders and customers who have directly and indirectly helped us by providing valuable suggestions to improve bank's service facility for the progress and prosperity of the bank. We are also thankful to Government of Nepal, Ministry of Finance, Nepal Rastra Bank, Company Registrar Office, Security Board of Nepal, and Nepal Stock Exchange for their continuous cooperation and direction. Further, we would also like to thank our employees for their continuous support and contribution and the media for their cooperation. We are committed in the future as well to provide better banking services to our valued customers and superior results to our shareholders.

Thanking You

On Behalf of Board of Directors  
**Motilal Dugar**  
Chairman

# Disclosure of Information Under Section 109 (4) of Companies Act 2006

## 1. Response by Board of Directors on the remarks given on the audit report

Besides the normal remarks on the banking transactions, there weren't any other remarks given in the audit report on FY 2014/15. The remarks have come into notice of the Board of Directors and arrangement has been made to take corrective actions such that such mistake does not occur in future.

## 2. Proposed Dividend

From the profit from the beginning of mid July 2015 to Mid July 2016, 33.33% bonus share amounting NRs.1,325,348,800 has been proposed to the shareholders.

## 3. Information on shares forfeited if any during the year

No shares Forfeited

## 4. Financial position of the Bank and its subsidiary in the fiscal year ended

The progress in the Bank's transaction has been included in the Director's Report whereas the Bank does not have a subsidiary company.

## 5. Information provided by key shareholders to the company during the previous FY

The bank has not obtained any such information during the previous FY.

## 6. Information regarding the purchase and ownership of shares by the Directors and high officials of the company, and further information received by the company from the Directors if involved in the share transactions

The Directors and the members of management are not involved in the share transaction of the company.

## 7. Information provided to the company by any Director or his close relatives on their personal interest in the company related agreements in the previous fiscal year

No such information available

## 8. If the company has purchased its own shares, the reason for purchasing its own shares, the number of shares purchased and the amount and also the payment by the company for such kind of purchase details

No purchase of shares by the company.

## 9. Statement of Total Management expenses for the financial year

Staff Expenses NRs. 355,632,989  
Office Operating Expenses NRs. 425,981,970

## 10. Details on the members of the Audit Committee; salary, bonus and facilities provided to the members; work carried out by the committee and any suggestions given

- Dr. Deepak Prasad Bhattarai (Coordinator)
- Mr. Malchand Dugar (Member)
- Dr. Bhogendra Guragain (Member)
- LDSA Associates (Member) and Audit Committee along with Bank's Company Secretary Mr. Ishwar Kumar Pathak

The audit committee meeting was held 5 times during the fiscal year and hence NPR 108 Thousands was paid as meeting fee. From the review of the internal audit report, necessary suggestions are provided through the Board meeting. Similarly, the external audit report and annual financial reports are presented to the Board through after being reviewed.

## 11. Payments due to the Bank from any Directors, Managing Director, Chief Executive or the key shareholders of the Bank and their close relatives, or

from any firm, company or corporate body in which they are involved in Sunrise Bank Limited had financed Salt Trading Corporation with limit of 850 Million. Salt Trading Corporation being the manager of the NNFL is now automatically manager & shareholder as a result of acquisition. NRB with letter dated 27th September 2016 has rebated and given instructions for repayment of such loan. Such loan would be repaid in time.

## 12. Remuneration, allowances and facilities provided to the Directors, Managing Director, Chief Executive Officer and other official of the Bank.

- The Directors were paid NRs. 2,514,000 as meeting allowances after deduction of tax at source according to the Income Tax Act.
- The details of the salary, allowances and facilities paid to the Chief Executive Officer and other executives.

<i>In '000</i>	
DESIGNATION	SALARY AND ALLOWANCES
Chief executive Officer	10,203
Management	77,948

## 13. Dividend yet to be collected by the Shareholders as at Mid-July, 2016

The dividend yet to be collected by the shareholders is NRs. 40,760,303.

## 14. Details of property purchased or sold u/s 141 by the Bank during the year.

During the previous year Sunrise Bank Limited had purchased 100 shares of NNFL by issuing its own 77 shares.

## 15. Details of transactions between associated companies u/s 175 during the year.

No transactions.

# Disclosure related to annexure-13 of sub rule (1) of rule 22 of securities registration and issuance regulation, 2065

**1. Report of Board of Directors**  
Included in the Annual Report under respective heading.

The details in reference to the website of Nepal Stock Exchange are given in table below:

**2. Auditor's Report**  
Included in the Annual Report under respective heading.

PARTICULARS	1 <sup>ST</sup> QTR	2 <sup>ND</sup> QTR	3 <sup>RD</sup> QTR	4 <sup>TH</sup> QTR
Maximum Price	NRs. 560	NRs. 528	NRs. 552	NRs. 748
Minimum Price	NRs.411	NRs. 331	NRs. 382	NRs. 543
Final Price	NRs.519	NRs. 398	NRs. 550	NRs. 748
No. of Transactions	768,336	284,550	1,070,854	1,612,314
<b>TOTAL TRADING DAYS</b>	<b>56 DAYS</b>	<b>56 DAYS</b>	<b>56 DAYS</b>	<b>64 DAYS</b>

**3. Audited Financial Statements**  
Included in the Annual Report under respective heading.

**4. Details relating to Legal Action**

a. Law Suits filed by/against the Bank during the review period.  
No law suits except business cases related to loans and loan recovery.

b. Law Suits filed by/against the promoters/ directors involving charge of regulatory violations or criminal offenses  
No such cases filed.

c. Cases filed against any promoters/directors for financial fraud.  
No such Information

**6. Problems and Challenges**  
Increasing competition among banks, challenge of increasing paid up capital, increasing inflation rate or decreasing area of investment are major challenges faced but with the help of internal control mechanism, better strategies, we were able to cope up with the controllable problems and challenges.

**5. Analysis of share transaction and progress of Organized Institution**

a. Management view on share transactions of the Bank on Nepal Stock Exchange. As the share price determination and share transaction are carried through open market operations at Nepal Stock Exchange under the supervision of Securities Board of Nepal, the management is neutral on the matter.

b. Maximum, minimum and closing share price of organized institution including total transacted number of shares and transacted days during the year.

**7. Corporate Governance:**  
The bank has adopted strong policies for maintaining corporate governance. In case of corporate governance, bank has been fully complying with the unified directives of Nepal Rastra Bank and is committed to comply in the days to come.

**8. Statement of difference between prospectus and audited financial statement by 20% or more**  
During the previous year the bank had issued prospectus for 15% right share and the following differences were identified in the following categories:

**BALANCE SHEET**

**i) Share Capital:**  
During the previous year it was projected to propose 15% bonus shares but in actual 33.33% bonus shares are proposed. Although plan was to merge with commercial bank but we merged with Narayani National Finance as a result there was reduction in proposed capital by 23.15%.

**ii) Reserve and Surplus:**  
Due to change in plan and merge Narayani National Finance there is difference of 22.72% in reserve and surplus.

**iii) Bills Payable:**  
Difference in Bills Payable occurred due to the general operational adjustments.

**iv) Other Liabilities:**  
Due to the change in plan to merge with commercial bank and merge with finance company comparatively the balance sheet size of finance is smaller than that of commercial hence actual other

liabilities during the previous year got decreased by 45.46%.

**v) Deposit with banks and financial institutions:**

Due to merge with NNFL the deposits with banks and other financial institutions get increased by 41.39%.

**vi) Investment:**

Changes in plan and merge with NNFL lead to decrease in investment by 39.73%.

**vii) Loan & Advances or Bills Purchased**

Projections based on the merger with commercial banks and actual merge with NNFL lead to decline of Loan and Advances or Bills Purchased by 20.61%.

**viii) Fixed Assets**

Decrease in Fixed Assets by 20.61% was due to comparative difference between merge plan with commercial bank and actual merge with NNFL.

**ix) Other Assets**

Due to change in merger plan and actual merge with NNFL lead to decrease in other assets by 65.47%.

**PROFIT AND LOSS ACCOUNT**

**i) Provision for probable losses:**

Customer wise provision and due to addition in provision on some of the files lead to difference in loan loss provision.

**ii) Loan Loss Provision Written Back:**

Due to better recovery mechanism there is difference between projected and actual Loan Loss Provision Written Back.

**9. Special Events or Circumstances Related to Sub-Rule (5) of Rule 22 during the year**

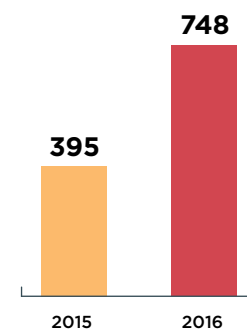
Bank issued 77 shares for 100 shares of NNFL. No other special events had been created.

The increment ratio of **EPS** from July 2015 to July 2016 is

**24.21%**

**CLOSE SHARE PRICE**

Growth: **30.88%** (in NPR)

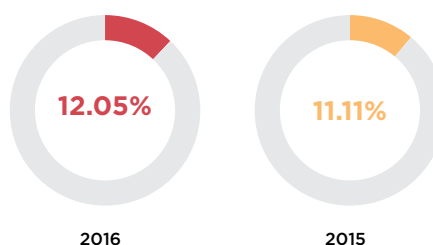


The increment number of **Employees** from July 2015 to July 2016 is

**214**

**CAPITAL ADEQUACY**

Growth: **0.94%** (in %)





## CORPORATE EVENTS



1. Acquisition with NNFL
2. CMC Extension Counter Inauguration
3. 2013 Calendar Launching
4. Anniversary CSR Event at Bal Mandir
5. CSR to DAYO Nepal
6. Managers' Annual Business Conference 2013



**REPORT OF THE INDEPENDENT AUDITORS  
TO THE SHAREHOLDERS OF SUNRISE BANK LIMITED**

1. We have audited the accompanying financial statements of Sunrise Bank Limited, which comprise the Balance Sheet as at Ashad 31, 2073 (July 16, 2016), and the Profit and Loss account, Statement of Changes in Equity and Cash Flow Statement for the year then ended, and a Summary of Significant Accounting Policies and other Explanatory Notes.

**Management's Responsibility for the Financial Statements**

2. Management is responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Accounting Standards and Nepal Rastra Bank Directives. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider the internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Bank's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

4. The Financial Statements of the Bank for the year ended Ashad 31, 2073 has been prepared in accordance with the requirement of Nepal Rastra Bank. As per the pronouncement of The Institute of Chartered Accountants of Nepal (ICAN), Commercial Banks should comply with Nepal Financial Reporting Standard (NFRS) and Nepal Accounting Standard (NAS) from fiscal year 2015/16 for the preparation and presentation of financial statements. The financial statements prepared by the bank are not in full compliance with NFRS.
5. In our opinion, except for the paragraph 4 above, the accompanying financial statements give a true and fair view, in all material respects, the financial position of Sunrise Bank Limited as at Ashad 31, 2073 (July 15, 2016) and of the results of its financial performance and its cash flows for the year then ended in compliance with the Company Act 2063, Banks and Financial Institutions Act 2063 and Directives of Nepal Rastra Bank.

**Report on Other Legal and Regulatory Requirements**

6. On the basis of our examination, we would like to further report that:
  - i. We have obtained all the information and explanations, which were considered necessary for the purpose for our audit.
  - ii. The Balance Sheet, Profit and Loss Account, Cash Flow Statement and attached Schedules dealt with by this report are prepared as per Directives of Nepal Rastra Bank and are in agreement with the books of account maintained by the Bank.
  - iii. During our examination of the books of account of the Bank, we have not come across the cases where the Board of Directors or any member thereof or any representative or any office holder or any employee of the Bank has acted contrary to the provisions of law or caused loss or damage to the Bank.
  - iv. The operations of the Bank were within its jurisdiction.
  - v. In our opinion, so far as it appeared from our examination of the book, the Bank has maintained adequate capital funds and adequate provisions for possible impairment of assets in accordance with the directives of Nepal Rastra Bank.
  - vi. The Bank has been functioning as per the Directives of Nepal Rastra Bank.
  - vii. The Bank has not acted in a manner to jeopardize the interest and security of the depositors and shareholders.
  - viii. We have not come across any fraudulence in the accounts, so far as it appeared from our examination of the books.

Date: September 14, 2016  
Place: Kathmandu



*Parakram*  
CA. Parakram Sharma  
Principal  
Parakram Sharma & Associates  
Chartered Accountants

# BALANCE SHEET

As on 31<sup>st</sup> Ashad 2073 (15<sup>th</sup> July 2016)

CAPITAL & LIABILITY	SCHEDULE	CURRENT YEAR NPR	PREVIOUS YEAR NPR
1. Share Capital	4.1	5,301,395,141	2,972,655,725
2. Reserves and Funds	4.2	843,270,954	375,317,139
3. Debentures & Bonds	4.3	-	-
4. Borrowings	4.4	-	-
5. Deposit Liabilities	4.5	51,650,280,064	33,486,669,059
6. Bills Payable	4.6	19,516,359	9,221,198
7. Proposed Dividend		-	27,840,407
8. Income Tax Liabilities (Net)		-	-
9. Other Liabilities	4.7	744,743,563	517,111,365
<b>TOTAL CAPITAL &amp; LIABILITIES</b>		<b>58,559,206,081</b>	<b>37,388,814,893</b>

ASSETS	SCHEDULE	CURRENT YEAR NPR	PREVIOUS YEAR NPR
1. Cash Balance	4.8	1,167,577,937	867,651,104
2. Balance with Nepal Rastra Bank	4.9	3,809,454,948	1,890,735,127
3. Balance with Banks/Financial Institutions	4.10	1,604,813,241	299,721,238
4. Money at Call and Short Notice	4.11	-	-
5. Investments	4.12	8,172,424,320	7,259,794,085
6. Loans, Advances & Bills Purchased (Net)	4.13	42,868,709,294	26,380,083,691
7. Fixed Assets (Net)	4.14	435,533,216	309,655,783
8. Non-Banking Assets (Net)	4.15	-	-
9. Other Assets	4.16	500,693,125	381,173,865
<b>TOTAL ASSETS</b>		<b>58,559,206,081</b>	<b>37,388,814,893</b>

## Schedules 4.1 to 4.16 form integral part of Balance Sheet

Contingent Liabilities	Schedule 4.17
Directors' Declaration	Schedule 4.29
Statement of Capital Adequacy Table	Schedule 4.30 (A)
Statement of Risk Weighted Exposure for Credit Risk	Schedule 4.30 (B)
Statement of Eligible Credit Risk Mitigants	Schedule 4.30 (C)
Statement of Risk Weighted Exposure for Operational Risk	Schedule 4.30 (D)
Statement of Risk Weighted Exposure for Market Risk	Schedule 4.30 (E)
Principal Indicators	Schedule 4.31
Significant Accounting Policies	Schedule 4.32
Notes to Accounts	Schedule 4.33
Statement of Loan to Promoters/ Group of Promoters	Schedule 4.34
Comparison of Unaudited and Audited Financial Statements	Schedule 4.35
Statement of Unaudited Financial Results (Quarterly)	Schedule 4.36

**Moti Lal Dugar**  
CHAIRMAN

**Malchand Dugar**  
DIRECTOR

**Jyoti Kumar Begani**  
DIRECTOR

**Arun Parajuli**  
CHIEF MANAGER

As of our  
attached report of even  
date

**Dr. Bhogendra Guragain**  
DIRECTOR

**Dr. Deepak Psd Bhattarai**  
DIRECTOR

**Ram Krishna Manandhar**  
DIRECTOR

**Apachh K Yadav**  
DEPUTY GENERAL MANAGER

**Er. Bachh Raj Tater**  
DIRECTOR

**Dipak Nepal**  
DIRECTOR

**Rupesh Luitel**  
HEAD-FINANCE & PLANNING

**Ratna Raj Bajracharya**  
CHIEF EXECUTIVE OFFICER

**CA Parakram Sharma**  
for Parakram Sharma & Associates  
Chartered Accountants

PLACE: Kathmandu

DATE: 14<sup>th</sup> September, 2016



# PROFIT & LOSS ACCOUNT

For the Period Ended 1<sup>st</sup> Shrawan 2072 to 31<sup>st</sup> Ashad 2073  
(17<sup>th</sup> July 2015 to 15<sup>th</sup> July 2016)

PARTICULARS	SCHEDULE	CURRENT YEAR (NPR)	PREVIOUS YEAR (NPR)
1. Interest Income	4.18	3,095,549,037	2,402,657,316
2. Interest Expenses	4.19	1,591,976,978	1,296,357,220
<b>Net Interest Income</b>		<b>1,503,572,059</b>	<b>1,106,300,096</b>
3. Commission & Discount	4.20	160,773,142	119,378,169
4. Other Operating Incomes	4.21	279,039,438	187,273,473
5. Exchange Fluctuation Income	4.22	115,336,186	80,315,827
<b>Total Operating Income</b>		<b>2,058,720,825</b>	<b>1,493,267,565</b>
6. Staff Expenses	4.23	355,632,989	271,911,329
7. Other Operating Expenses	4.24	425,981,970	356,471,360
8. Exchange Fluctuation Loss	4.22	-	-
<b>Operating Profit Before Provision for Possible Loss</b>		<b>1,277,105,866</b>	<b>864,884,876</b>
9. Provision for Possible Losses	4.25	321,717,943	458,809,963
<b>Operating Profit</b>		<b>955,387,923</b>	<b>406,074,913</b>
10. Non - Operating Income/Expenses	4.26	1,316,594	2,822,812
11. Loan Loss Provision Written Back	4.27	556,405,345	417,134,854
<b>Profit from Regular Activities</b>		<b>1,513,109,862</b>	<b>826,032,579</b>
12. Income/Expense from Extra-Ordinary Activities	4.28	(3,230,164)	(92,468,268)
<b>Profit from All Activities</b>		<b>1,509,879,698</b>	<b>733,564,311</b>
13. Provision for Staff Bonus		137,261,791	66,687,665
14. Provision for Tax Expense		421,239,431	196,019,590
Current Years		420,824,512	189,045,449
Previous Years		6,167,382	1,899,222
Deferred Tax		(5,752,463)	5,074,919
<b>NET PROFIT/(LOSS)</b>		<b>951,378,476</b>	<b>470,857,056</b>

**Moti Lal Dugar**  
CHAIRMAN

**Malchand Dugar**  
DIRECTOR

**Jyoti Kumar Begani**  
DIRECTOR

**Arun Parajuli**  
CHIEF MANAGER

As of tour  
attached report of even  
date

**Dr. Bhogendra Guragain**  
DIRECTOR

**Dr. Deepak Psd Bhattarai**  
DIRECTOR

**Ram Krishna Manandhar**  
DIRECTOR

**Apachh K Yadav**  
DEPUTY GENERAL MANAGER

**Er. Bachh Raj Tater**  
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DIRECTOR

**Rupesh Luitel**  
HEAD-FINANCE & PLANNING

**Ratna Raj Bajracharya**  
CHIEF EXECUTIVE OFFICER

**CA Parakram Sharma**  
for Parakram Sharma & Associates  
Chartered Accountants

PLACE: Kathmandu  
DATE: 14<sup>th</sup> September, 2016

# PROFIT & LOSS APPROPRIATION ACCOUNT

For the Period Ended 1<sup>st</sup> Shrawan 2072 to 31<sup>st</sup> Ashad 2073  
(17<sup>th</sup> July 2015 to 15<sup>th</sup> July 2016)

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
<b>Source</b>		
1. Accumulated Profit upto Previous Year	3,284,735	195,614,947
2. Current Year's Profit	951,378,476	470,857,056
3. Adjustments of Round off	(175)	-
4. Deferred Tax Reserve	-	5,074,919
5. NNFL Profit & Loss Account #	208,817,892	-
6. Transfer from Share Premium A/C	189,034,539	-
7. Transfer from Capital Reserve A/C	184,513,659	-
<b>TOTAL</b>	<b>1,537,029,126</b>	<b>671,546,922</b>
<b>Application</b>		
1. Accumulated Loss upto Previous Year	-	-
2. Current Year's Loss	-	-
3. General Reserve Fund *	190,275,696	94,171,412
4. Contingent Reserve	-	-
5. Institution Development Fund	-	-
6. Dividend Equalization Fund	-	-
7. Employees' Related Fund	-	-
8. Proposed Dividend	-	27,840,407
9. Proposed Bonus Share **	1,325,348,800	528,967,725
10. Special Reserve Fund	-	-
11. Exchange Fluctuation Fund	4,607,345	2,582,643
12. Capital Redemption Reserve Fund	-	-
13. Capital Adjustment Fund	-	-
14. Investment Adjustment Reserve	800,695	14,700,000
15. Other Reserves	-	-
<b>TOTAL</b>	<b>1,521,032,536</b>	<b>668,262,187</b>
16. Accumulated Profit/(Loss)	15,996,590	3,284,735

\* 20% of Sunrise Bank Current Year Profit.

# The Profit & Loss Account of NNFL is after all the reserve adjustments.

\*\* Bonus Share of 3:1 proposed.

**Moti Lal Dugar**  
CHAIRMAN

**Malchand Dugar**  
DIRECTOR

**Jyoti Kumar Begani**  
DIRECTOR

**Arun Parajuli**  
CHIEF MANAGER

As of our  
attached report of even  
date

**Dr. Bhogendra Guragain**  
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HEAD-FINANCE & PLANNING

**Ratna Raj Bajracharya**  
CHIEF EXECUTIVE OFFICER

CA Parakram Sharma  
for Parakram Sharma & Associates  
Chartered Accountants

PLACE: Kathmandu

DATE: 14<sup>th</sup> September, 2016



# CASH FLOW STATEMENT

For the Period Ended 1<sup>st</sup> Shrawan 2072 to 31<sup>st</sup> Ashad 2073  
(17<sup>th</sup> July 2015 to 15<sup>th</sup> July 2016)

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
<b>(A) Cash Flow from Operating Activities</b>	<b>2,054,357,977</b>	<b>(2,945,866,699)</b>
1. Cash Receipts	3,621,479,142	2,777,239,007
1.1 Interest Income	3,079,048,682	2,398,517,023
1.2 Commission and Discount Income	160,773,142	119,378,169
1.3 Exchange Gain	96,906,806	69,985,258
1.4 Recovery of Loan Written off	5,630,227	-
1.5 Other Income	279,120,285	189,358,557
2. Cash Payments	(2,751,756,173)	(2,036,798,360)
2.1 Interest Expenses	(1,618,635,699)	(1,241,236,036)
2.2 Staff Expenses	(414,538,168)	(305,946,070)
2.3 Office Operating Expenses	(362,429,126)	(292,507,653)
2.4 Payment of Income Tax	(356,153,180)	(197,108,601)
2.5 Other Expenses	-	-
<b>Cash Flow Before Working Capital Activities</b>	<b>869,722,969</b>	<b>740,440,647</b>
<b>Decrease/(Increase) in Current Asset from Operating Activities</b>	<b>(10,022,075,681)</b>	<b>(10,652,115,727)</b>
1. Decrease/(Increase) in Money at Call and Short Notice	396,942,080	113,393,657
2. Decrease/(Increase) in Other Short Term Investments	(582,351,035)	(4,205,052,904)
3. Decrease/(Increase) in Loans, Advances and Bills Purchased	(9,512,493,256)	(6,506,282,417)
4. Decrease/(Increase) in Other Assets	(324,173,470)	(54,174,063)
<b>Increase/(Decrease) in Current Liabilities from Operating Activities</b>	<b>11,206,710,689</b>	<b>6,965,808,381</b>
1. Increase /(Decrease) in Deposit/Liabilities	10,910,697,045	6,870,001,780
2. Increase /(Decrease) in Certificate of Deposits	-	-
3. Increase /(Decrease) in Short Term Borrowings	-	-
4. Increase /(Decrease) in Other Liabilities	296,013,644	95,806,601
<b>(B) Cash Flow from Investing Activities</b>	<b>(103,060,834)</b>	<b>(136,291,522)</b>
1. Decrease/(Increase) in Long Term Investments	(39,791,769)	-
2. Decrease/(Increase) in Fixed Assets including Software/ NBA	(64,504,812)	(137,029,250)
3. Interest Income from Long Term Investments	-	-
4. Dividend Income	351,500	171,000
5. Others	884,247	566,728
<b>(C) Cash Flow from Financial Activities</b>	<b>513,510,677</b>	<b>203,052,888</b>
1. Increase /(Decrease) in Long Term Borrowings (Bond, Debentures)	-	-
2. Increase /(Decrease) in Paid up Share Capital	542,297,616	207,038,000
3. Increase /(Decrease) in Other Liabilities	(28,786,939)	(3,985,112)
4. Increase/(Decrease) in Refinance facilities from Nepal Rastra Bank	-	-
<b>(D) Income/Loss from exchange rate fluctuations of Cash and Bank Balances</b>	<b>18,429,380</b>	<b>10,330,569</b>
<b>(E) Cash &amp; Cash Equivalent from NNFL (Acquired Entity)</b>	<b>1,040,501,457</b>	<b>-</b>
<b>(E) Net Cash Flow from all activities of the Current Year</b>	<b>2,483,237,200</b>	<b>(2,868,774,764)</b>
<b>(F) Opening Cash and Bank Balances</b>	<b>3,058,107,469</b>	<b>5,926,882,233</b>
<b>(G) Closing Cash and Bank Balances</b>	<b>6,581,846,126</b>	<b>3,058,107,469</b>

\* Current Year Figure includes the balances transferred from NNFL on 29-03-2073 which has been considered for calculation of increase/decrease in the respective head.

<b>Moti Lal Dugar</b> CHAIRMAN	<b>Malchand Dugar</b> DIRECTOR	<b>Jyoti Kumar Begani</b> DIRECTOR	<b>Arun Parajuli</b> CHIEF MANAGER	As of our attached report of even date
<b>Dr. Bhogendra Guragain</b> DIRECTOR	<b>Dr. Deepak Psd Bhattarai</b> DIRECTOR	<b>Ram Krishna Manandhar</b> DIRECTOR	<b>Apachh K Yadav</b> DEPUTY GENERAL MANAGER	
<b>Er. Bachh Raj Tater</b> DIRECTOR	<b>Dipak Nepal</b> DIRECTOR	<b>Rupesh Luitel</b> HEAD-FINANCE & PLANNING	<b>Ratna Raj Bajracharya</b> CHIEF EXECUTIVE OFFICER	<b>CA Parakram Sharma</b> for Parakram Sharma & Associates Chartered Accountants

PLACE: Kathmandu  
DATE: 14<sup>th</sup> September, 2016

# SHAREHOLDERS HOLDING 0.50% OF THE SHARE CAPITAL

As on 31<sup>st</sup> Ashad 2073 (15<sup>th</sup> July 2016)

NAME OF THE SHAREHOLDER	NO OF SHARES HELD	PERCENTAGE
1. MOTI LALDUGAR	2,428,068	6.11%
2. MALCHAND DUGAR	1,950,639	4.91%
3. KAILASH CHANDRA GOYAL	1,932,313	4.86%
4. SRAWAN KUMAR GOYAL	1,681,849	4.23%
5. VIVEK DUGAR	1,319,587	3.32%
6. SURENDRA DUGAR	1,164,109	2.93%
7. BACHHA RAJTATER	1,007,495	2.53%
8. NIDHI DUGAR	698,612	1.76%
9. POOJA DUGAR	692,477	1.74%
10. SAURAVTATER	671,663	1.69%
11. SRI NIWASSHARADA	671,663	1.69%
12. VISHALTATER	671,663	1.69%
13. VIVEKTATER	671,663	1.69%
14. SHRADHA DUGAR	663,974	1.71%
15. SAROJ DUGAR	680,546	1.60%
16. PAWAN KUMAR SARDA	479,164	1.21%
17. RADHESHYAM SARDA	479,164	1.21%
18. SHIV RATANSHARADA	479,164	1.21%
19. BHOGEN德拉 KUMAR GURAGAIN	458,538	1.15%
20. SHAILENDRA GURAGAIN	431,024	0.98%
21. CHANDA KUMARI BEGANI	390,124	0.93%
22. SALT TRADING CORPORATION LTD. .	369,158	0.93%
23. RAM KRISHNA MANANDHAR .	347,181	0.87%
24. SUSHILA GHIMIRE	335,828	0.84%
25. JAMUNA POUDYAL	318,283	0.80%
26. JYOTI KUMAR BEGANI	302,246	0.76%
27. UMA SHARMA BHATTARAI	296,266	0.75%
28. PRAMOD KUMAR KHETAN	264,656	0.67%
29. HARI PRASHAD AGRAWAL	262,706	0.66%
30. NIRANJAN LAL KHETAN	244,676	0.62%
31. NIR KUMAR PIYA .	238,291	0.60%
32. LOBSANG TENZING NEPALI	216,706	0.55%
33. GYANENDRA KUMAR SHARMA	201,497	0.51%
<b>TOTAL</b>	<b>22,931,749</b>	<b>57.67%</b>

For the Period Ended 1<sup>st</sup> Shrawan 2072 to 31<sup>st</sup> Ashad 2073  
(17<sup>th</sup> July 2015 to 15<sup>th</sup> July 2016)

## STATEMENT OF CHANGE IN EQUITY

PARTICULARS	SHARE CAPITAL	ACCUMULATED PROFIT & LOSS ACCOUNT	GENERAL RESERVES	CAPITAL RESERVES FUND	SHARE PREMIUM FUND	EXCHANGE FLUCUATION FUND	INVESTMENT ADJUSTMENT FUND	OTHER FREE RESERVE	TOTAL AMOUNT
<b>Opening Balance as at</b>									
<b>1st Shrawan 2072</b>	<b>2,972,655,725</b>	<b>3,284,735</b>	<b>294,760,270</b>	<b>-</b>	<b>32,407,723</b>	<b>16,574,239</b>	<b>15,397,168</b>	<b>12,893,004</b>	<b>3,347,972,864</b>
Adjustments	175	(175)	-	-	-	-	-	-	-
<b>Restated Balance as</b>									
<b>at 1st Shrawan 2072</b>	<b>2,972,655,900</b>	<b>3,284,560</b>	<b>294,760,270</b>	<b>-</b>	<b>32,407,723</b>	<b>16,574,239</b>	<b>15,397,168</b>	<b>12,893,004</b>	<b>3,347,972,864</b>
<b>Adjustments For the year</b>	<b>2,328,739,241</b>	<b>12,712,030</b>	<b>479,500,044</b>	<b>-</b>	<b>(32,407,723)</b>	<b>4,607,345</b>	<b>2,401,404</b>	<b>1,140,890</b>	<b>2,796,693,231</b>
Net Profit/(Loss) for the year	-	951,378,476	-	-	-	-	-	-	951,378,476
Transfer to General Reserve	-	(190,275,696)	190,275,696	-	-	-	-	-	-
Proposed Dividend	-	-	-	-	-	-	-	-	-
Exchange Fluctuation Fund	-	(4,607,345)	-	-	-	4,607,345	-	-	-
Investment Adjustment Reserve	-	(800,695)	-	-	-	-	800,695	-	-
Transfer for issue of Bonus	-	373,548,198	-	(184,513,659)	(189,034,539)	-	-	-	-
Issue of Right Shares	385,670,800	-	-	-	156,626,816	-	-	-	542,297,616
Issue of Bonus Shares	1,325,348,800	(1,325,348,800)	-	-	-	-	-	-	-
Addition From Acquisition	617,719,641	208,817,892	289,224,348	184,513,659	-	-	1,600,709	1,140,890	1,303,017,139
Other Free Reserve	-	-	-	-	-	-	-	-	-
<b>Closing Balance as at</b>									
<b>31st Ashad 2073</b>	<b>5,301,395,141</b>	<b>15,996,590</b>	<b>774,260,314</b>	<b>-</b>	<b>-</b>	<b>21,181,584</b>	<b>17,798,572</b>	<b>14,033,894</b>	<b>6,144,666,095</b>

# SHARE CAPITAL

As on 31<sup>st</sup> Ashad 2073 (15<sup>th</sup> July 2016)

Schedule 4.1

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
<b>1. Share Capital</b>		
<b>1.1 Authorised Capital</b>	<b>5,000,000,000</b>	<b>5,000,000,000</b>
a) 50,000,000 Ordinary Shares of Rs 100 each (Previous year 50,000,000 Ordinary shares of Rs 100 each)	5,000,000,000	5,000,000,000
<b>1.2 Issued Capital</b>	<b>3,976,049,741</b>	<b>2,460,315,000</b>
a) 39,760,498 Ordinary Shares of Rs 100 each (Previous year 24,603,150 Ordinary shares of Rs 100 each)	3,976,049,741	2,460,315,000
<b>1.3 Paid Up Capital</b>	<b>3,976,046,341</b>	<b>2,443,688,000</b>
a) 39,760,464 Ordinary Shares of Rs 100 each (Previous year 24,436,880 Ordinary shares of Rs 100 each)	3,976,046,341	2,443,688,000
<b>1.4 Proposed Bonus Share</b>	<b>1,325,348,800</b>	<b>528,967,725</b>
<b>1.5 Call in Advance</b>	-	-
<b>TOTAL</b>	<b>5,301,395,141</b>	<b>2,972,655,725</b>

# SHARE OWNERSHIP

As on 31<sup>st</sup> Ashad 2073 (15<sup>th</sup> July 2016)

PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
	AMOUNT (NPR)	%	AMOUNT (NPR)	%
<b>A. Local Ownership</b>	<b>3,976,046,341</b>	<b>100%</b>	<b>2,443,688,000</b>	<b>100%</b>
1.1 Government of Nepal				
1.2 "A" Class Licensed Institutions				
1.3 Other Licensed Institutions				
1.4 Other Institutions				
1.5 General Public	1,948,264,373	49%	1,188,927,350	49%
1.6 Others (Promoters)	2,027,781,968	51%	1,254,760,650	51%
<b>B. Foreign Ownership</b>				
<b>TOTAL</b>	<b>3,976,046,341</b>		<b>2,443,688,000</b>	

\* 34 Promoter Shares remained unsubscribed. Bonus Shares hasn't been included.

# RESERVES & SURPLUS

As on 31<sup>st</sup> Ashad 2073 (15<sup>th</sup> July 2016)

Schedule 4.2

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
1. General Reserve Fund	774,260,314	294,760,270
2. Capital Reserve Fund	-	32,407,723
a. Share Premium	-	32,407,723
b. Capital Reserve Fund	-	-
3. Capital Redemption Reserve	-	-
4. Capital Adjustment Fund	-	-
5. Other Reserves & Funds	31,832,466	28,290,172
5.1. Contingent Reserve	-	-
5.2. Institution Development Fund	-	-
5.3. Dividend Equalisation Fund	-	-
5.4. Special Reserve Fund	-	-
5.5. Assets Revaluation Reserve	-	-
5.6. Deferred Tax Reserve	-	-
5.7. Other Free Reserves	14,033,894	12,893,004
5.8. Investment Adjustment Reserve	17,798,572	15,397,168
6. Accumulated Profit/Loss	15,996,590	3,284,735
7. Exchange Fluctuation Fund	21,181,584	16,574,239
<b>TOTAL RESERVES &amp; SURPLUS</b>	<b>843,270,954</b>	<b>375,317,139</b>

# DEBENTURES & BONDS

As on 31<sup>st</sup> Ashad 2073 (15<sup>th</sup> July 2016)

Schedule 4.3

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
1. .... % Debentures of Rs.... each ( Issued on.....with maturity on.....) (Outstanding balance of Redemption Reserve till date Rs.....)	-	-
2. .... % Bonds of Rs.... each ( Issued on.....with maturity on.....) (Outstanding balance of Redemption Reserve till date Rs.....)	-	-
3. ....	-	-
<b>TOTAL DEBENTURES &amp; BOND</b>	<b>-</b>	<b>-</b>

# BORROWINGS

As on 31<sup>st</sup> Ashad 2073 (15<sup>th</sup> July 2016)

Schedule 4.4

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
A. Domestic		
1. Government of Nepal		
2. Nepal Rastra Bank	-	-
3. Repo Obligations		
4. Inter-bank and Financial Institutions	-	-
5. Other Financial Institutions		
6. Others	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
B. Foreign		
1. Banks	-	-
2. Others	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>TOTAL BORROWINGS</b>	<b>-</b>	<b>-</b>



# DEPOSIT LIABILITY

As on 31<sup>st</sup> Ashad 2073 (15<sup>th</sup> July 2016)

Schedule 4.5

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
<b>1. NON - INTEREST BEARING ACCOUNTS</b>		
A. CURRENT DEPOSITS	1,947,479,420	1,256,146,999
1. Local Currency	1,823,969,501	1,191,284,172
1.1 Government of Nepal		
1.2 "A" Class Licensed Institutions	151,262,761	16,833,441
1.3 Other Licensed Financial Institutions	22,462,302	11,101,387
1.4 Other Organized Institutions	1,400,583,708	1,013,508,286
1.5 Individuals	243,617,165	144,078,270
1.6 Others	6,043,565	5,762,788
2. Foreign Currency	123,509,919	64,862,827
2.1 Government of Nepal	-	
2.2 "A" Class Licensed Institutions	-	
2.3 Other Licensed Financial Institutions	-	
2.4 Other Organized Institutions	122,826,466	64,862,827
2.5 Individuals	683,453	
2.6 Others	-	
B. MARGIN DEPOSITS	584,806,417	330,196,508
1. Employees' Guarantee	-	
2. Guarantee Margin	305,226,364	205,513,959
3. Margin on Letter of Credit	218,651,291	101,244,130
4. Others Margins	60,928,762	23,438,419
C. OTHER DEPOSITS	-	-
1. Local Currency	-	-
1.1 Financial Institutions	-	-
1.2 Other Organized Institutions	-	-
1.3 Individuals	-	-
2. Foreign Currency	-	-
2.1 Financial Institutions	-	-
2.2 Other Organized Institutions	-	-
2.3 Individuals	-	-
<b>TOTAL NON-INTEREST BEARING ACCOUNT</b>	<b>2,532,285,837</b>	<b>1,586,343,507</b>

# DEPOSIT LIABILITY

As on 31<sup>st</sup> Ashad 2073 (15<sup>th</sup> July 2016)

Schedule 4.5

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
<b>2. INTEREST BEARING ACCOUNTS</b>		
A. SAVINGS DEPOSITS	17,495,072,355	11,063,511,124
1. Local Currency	17,439,255,748	11,037,780,844
1.1 Organized Institutions	331,266,919	20,426,870
1.2 Individuals	17,107,884,720	11,016,625,473
1.3 Others	104,109	728,501
2. Foreign Currency	55,816,607	25,730,280
2.1 Institutions	-	2,221
2.2 Individuals	55,816,607	25,728,059
2.3 Others	-	-
B. FIXED DEPOSITS	25,843,113,484	16,410,935,922
1. Local Currency	24,832,184,026	15,749,519,922
1.1 Organized Institutions	19,553,187,331	12,616,017,709
1.2 Individuals	5,278,996,695	3,133,502,213
1.3 Others	-	-
2. Foreign Currency	1,010,929,458	661,416,000
2.1 Institutions	1,009,858,958	660,400,000
2.2 Individuals	1,070,500	1,016,000
2.3 Others	-	-
C. CALL DEPOSITS	5,779,808,388	4,425,878,506
1. Local Currency	5,710,461,184	4,332,557,790
1.1 "A" Class Licensed Institutions	-	-
1.2 Other Licensed Institutions	1,339,606,749	1,259,755,378
1.3 Other Organized Institutions	4,173,270,179	2,928,557,327
1.4 Individuals	184,480,939	144,245,085
1.5 Others	13,103,317	-
2. Foreign Currency	69,347,204	93,320,716
1.1 "A" Class Licensed Institutions	-	-
1.2 Other Licensed Institutions	-	39,895,731
1.3 Other Organized Institutions	68,438,885	52,588,928
1.4 Individuals	908,319	836,057
1.5 Others	-	-
D. CERTIFICATE OF DEPOSITS	-	-
1. Organized Institutions	-	-
2. Individuals	-	-
3. Others	-	-
<b>TOTAL INTEREST BEARING ACCOUNTS</b>	<b>49,117,994,227</b>	<b>31,900,325,552</b>
<b>TOTAL DEPOSITS</b>	<b>51,650,280,064</b>	<b>33,486,669,059</b>

## BILLS PAYABLE

As on 31<sup>st</sup> Ashad 2073 (15<sup>th</sup> July 2016)

Schedule 4.6

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
1. Local Currency	17,878,870	6,288,097
2. Foreign Currency	1,637,489	2,933,101
<b>TOTAL BILLS PAYABLE</b>	<b>19,516,359</b>	<b>9,221,198</b>

## OTHER LIABILITIES

As on 31<sup>st</sup> Ashad 2073 (15<sup>th</sup> July 2016)

Schedule 4.7

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
1. Pension/Gratuity Fund	26,289,642	18,507,099
2. Employees' Provident Fund	-	-
3. Employees' Welfare Fund	-	-
4. Provision for Staff Bonus	174,576,162	66,687,665
5. Interest Payable on Deposits	104,477,103	131,032,151
6. Interest Payable on Borrowing	-	-
7. Unearned Discount and Commission	56,927,171	42,735,486
8. Sundry Creditors	21,734,245	13,742,490
9. Branch Adjustment Account	-	-
10. Deferred Tax Liability	-	-
11. Unpaid Dividend	40,760,303	24,930,063
12. Others	319,978,937	219,476,411
a. Audit Fees Payable	1,113,050	428,524
b. TDS Payable	49,276,835	29,673,975
c. Retention Money	4,994,669	3,910,951
d. Others	264,594,383	185,462,961
<b>TOTAL OTHER LIABILITY</b>	<b>744,743,563</b>	<b>517,111,365</b>

## CASH BALANCE

As on 31<sup>st</sup> Ashad 2073 (15<sup>th</sup> July 2016)

Schedule 4.8

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
1. Local Currency (Including Coins)	1,158,436,911	851,523,319
2. Foreign Currency	9,141,026	16,127,785
<b>TOTAL CASH BALANCE</b>	<b>1,167,577,937</b>	<b>867,651,104</b>

## BALANCE WITH NEPAL RASTRA BANK

As on 31<sup>st</sup> Ashad 2073 (15<sup>th</sup> July 2016)

Schedule 4.9

PARTICULARS	LOCAL CURRENCY	FOREIGN CURRENCY IN NPR			CURRENT YEAR NPR	PREVIOUS YEAR NPR
		INR	OTHER	TOTAL NPR		
1. Nepal Rastra Bank	3,788,966,042	-	20,488,906	20,488,906	3,809,454,948	1,890,735,127
a. Current Account	3,788,966,042	-	20,488,906	20,488,906	3,809,454,948	1,890,735,127
b. Other Account	-	-	-	-	-	-

\* Conformation as per balance statement is NPR 3,824,579,669 the difference has been reconciled.

## BALANCE WITH OTHER BANKS & FINANCIAL INSTITUTIONS

As on 31<sup>st</sup> Ashad 2073 (15<sup>th</sup> July 2016)

Schedule 4.10

PARTICULARS	LOCAL CURRENCY	FOREIGN CURRENCY IN NPR			CURRENT YEAR NPR	PREVIOUS YEAR NPR
		INR	OTHER	TOTAL NPR		
1. Local Banks	1,169,527,778	-	156,473	156,473	1,169,684,251	95,260,947
a. Current Account	1,169,527,778	-	156,473	156,473	1,169,684,251	95,260,947
b. Other Account	-	-	-	-	-	-
2. Foreign Banks	-	286,096,571	149,032,419	435,128,990	435,128,990	204,460,291
a. Current Account	-	286,096,571	149,032,419	435,128,990	435,128,990	204,460,291
b. Other Account	-	-	-	-	-	-
<b>TOTAL</b>	<b>1,169,527,778</b>	<b>286,096,571</b>	<b>149,188,892</b>	<b>435,285,463</b>	<b>1,604,813,241</b>	<b>299,721,238</b>

\* Conformation as per balance statement is NPR 1,683,186,884 the difference has been reconciled.

## MONEY AT CALL & SHORT NOTICE

As on 31<sup>st</sup> Ashad 2073 (15<sup>th</sup> July 2016)

Schedule 4.11

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
1. Local Currency	-	-
2. Foreign Currency	-	-
<b>TOTAL CASH BALANCE</b>	<b>-</b>	<b>-</b>

# INVESTMENTS

As on 31<sup>st</sup> Ashad 2073 (15<sup>th</sup> July 2016)

Schedule 4.12

PARTICULARS	PURPOSE		CURRENT YEAR NPR	PREVIOUS YEAR NPR
	TRADING	OTHERS		
	NPR	NPR		
1. Nepal Government's Treasury bills	-	680,928,998	680,928,998	1,405,272,550
2. Nepal Government's Savings Bonds	-	-	-	-
3. Nepal Government's Development Bonds	-	3,114,625,000	3,114,625,000	1,285,600,000
4. Nepal Rastra Bank Bonds	-	1,630,350,000	1,630,350,000	-
5. Foreign Securities	-	-	-	-
6. Local Licenced Institutions	-	-	-	101,600,000
7. Foreign Banks	-	2,612,082,722	2,612,082,722	1,548,038,135
8. Corporate Shares	-	134,543,834	134,543,834	38,558,400
9. Corporate Bonds & Debentures	-	-	-	-
10. Other Investments	-	-	-	2,880,725,000
<b>TOTAL INVESTMENT</b>	-	<b>8,172,530,554</b>	<b>8,172,530,554</b>	<b>7,259,794,085</b>
Less : Provision	-	106,234	106,234	-
Net Investment			8,172,424,320	7,259,794,085

# INVESTMENT IN SHARES, DEBENTURES & BONDS

As on 31<sup>st</sup> Ashad 2073 (15<sup>th</sup> July 2016)

Schedule 4.12 (A)

PARTICULARS	COST PRICE	MARKET PRICE	PROVISION	BOOK VALUE	
				CURRENT	PREVIOUS
1. Investment in Shares	134,543,834	294,358,892	-	134,437,600	38,558,400
1.1. Gurans Life Insurance	19,858,400	121,250,388	-	19,858,400	19,858,400
208,334 Ordinary Shares of Rs 100 Each					
1.2. Nepal Clearing House Limited	2,851,500	Not Listed	-	2,851,500	2,500,000
28,515 Ordinary Shares of Rs 100 Each					
1.3. National Banking Institute (Previously NBTI)	1,200,000	Not Listed	-	1,200,000	1,200,000
12,000 Ordinary Shares of Rs 100 Each					
1.4. Nepal Electronic Payment System	15,000,000	Not Listed	-	15,000,000	15,000,000
150,000 Ordinary Shares of Rs 100 Each					
1.5. Hydro Investment Development Company Limited	15,930,000	68,976,900	-	15,930,000	-
159,300 Ordinary Shares of Rs 100 Each					
1.6. Global Samridha Yogana	23,732,930	28,384,584	-	23,732,930	-
2,373,293 Units of Rs 10 Each					
1.6. Suva Bihani Microfinance	1,575,000	1,575,000	-	1,575,000	-
Advance Investment					
1.7. NLG Insurance Limited	58,932	838,530	-	58,932	-
847 Shares of Rs 100 each					
1.8. Nepal Insurance Limited	88,518	817,022	-	88,518	-
673 Shares of Rs 100 each					



PARTICULARS	COST PRICE	MARKET PRICE	PROVISION	BOOK VALUE	
				CURRENT	PREVIOUS
1.9 Prabhu Insurance Co Limited 3856 Shares of Rs 100 each	235,975	5,784,000		235,975	
1.10 Sagarmatha Insurance Limited 209,691 Promoter Shares of Rs 100 each	4,386,000	4,386,000		4,386,000	
1.11 Lumbini Insurance Limited 35,873 Shares of Rs 100 each	2,408,767	2,408,767		2,408,767	
1.12 Gorakhali Tyres Pvt Ltd 880 Ordinary Shares of Rs 100 each	106,234	-	106,234	-	
1.13 Nepal Stock Exchange 500 Ordinary Shares of Rs 100 each	5,000	Not Listed		5,000	
1.14 Subarna Pharmachueticals Limited 10,000 Shares of Rs 50 each	500,000	Not Listed	-	500,000	
1.15 Nabil Balance Fund 68,621 Units of 10 each	686,210	1,509,662		686,210	
1.16 CICL 4,666 Shares of Rs 100 each	202,500	Not Listed		202,500	
1.17 Rural Microfinance Limited 12 Shares of Rs 100 each	1,642	16,332		1,642	
1.18 NMB Sulav Investment 140,110 units of Rs 10 each	1,400,005	2,038,408		1,400,005	
1.19 Siddhartha Equity Mutual Fund 2,359,097 Units of Rs 10 each	23,590,970	30,904,171		23,590,970	
1.20 NIBL Sambriddi Fund 173,890 Units of Rs 10 each	1,738,900	2,305,781		1,738,900	
1.21 Global IME Samutti Fund 1 1898835 units of Rs 10 each	18,986,350	23,163,347		18,986,350	
<b>2. Investment in Debentures &amp; Bonds</b>					
2.1 .....					
2.2 .....					
2.3 .....					
<b>Total Investments</b>	<b>134,543,834</b>	<b>294,358,892</b>	<b>-</b>	<b>134,437,600</b>	<b>38,558,400</b>
<b>3. Provision for Loss</b>					
3.1. Upto Previous Year					
3.2. Adjustment This Year					
<b>Total Provision</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET BALANCE</b>	<b>134,543,834</b>	<b>294,358,892</b>	<b>-</b>	<b>134,437,600</b>	<b>38,558,400</b>

## INVESTMENTS (HELD FOR TRADING)

As on 31<sup>st</sup> Ashad 2073 (15<sup>th</sup> July 2016)

Schedule 4.12.1

PARTICULARS	COST PRICE	MARKET VALUE (NPR)		ADJUSTMENT FUND	
		CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
1. Government of Nepal - Treasury bills					
2. Government of Nepal - Savings Bonds					
3. Government of Nepal - Development Bonds					
4. Nepal Rastra Bank Bonds					
5. Foreign Securities					
6. Shares of Local Licensed Institutions					
7. Bonds & Debentures of Local Licensed Institutions					
8. Shares, Bonds & Debenture of Organized Institutions					
9. Placement					
10. Inter bank Lending					
11. Other Investments					
<b>TOTAL INVESTMENT HELD FOR TRADING</b>					

## INVESTMENTS (HELD TILL MATURITY)

As on 31<sup>st</sup> Ashad 2073 (15<sup>th</sup> July 2016)

Schedule 4.12.2

PARTICULARS	COST PRICE	MARKET VALUE (NPR)		ADJUSTMENT FUND	
		CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
1. Government of Nepal - Treasury bills	680,928,998				
2. Government of Nepal - Savings Bonds	1,630,350,000				
3. Government of Nepal - Development Bonds	3,114,625,000				
4. Nepal Rastra Bank Bonds					
5. Foreign Securities					
6. Shares of Local Licensed Institutions					
7. Bonds & Debentures of Local Licensed Institutions					
8. Shares, Bonds & Debenture of Organized Institutions					
9. Placement	2,612,082,722				
10. Other Investment					
<b>TOTAL INVESTMENT HELD TILL MATURITY</b>	<b>8,037,986,720</b>	-	-	-	-

# INVESTMENTS

## (AVAILABLE FOR SALE)

As on 31<sup>st</sup> Ashad 2073 (15<sup>th</sup> July 2016)

Schedule 4.12.3

PARTICULARS	COST PRICE	MARKET VALUE (NPR)		ADJUSTMENT FUND	
		CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
1. Government of Nepal - Treasury bills	-				
2. Government of Nepal - Savings Bonds					
3. Government of Nepal - Development Bonds	-				
4. Nepal Rastra Bank Bonds					
5. Foreign Securities					
6. Shares of Local Licensed Institutions					
7. Bonds & Debentures of Local Licensed Institutions					
8. Shares, Bonds & Debenture of Organized Institutions	134,543,834	294,358,892	22,800,000	17,798,572	697,168
-Listed	114,784,834	294,358,892	22,800,000	2,293,572	397,168
-Unlisted	19,759,000	Not Listed	Not Listed	15,505,000	300,000
9. Placement					
10. Inter bank Lending	-				
11. Other Investment					
<b>TOTAL INVESTMENT AVAILABLE FOR SALE</b>	<b>134,543,834</b>	<b>294,358,892</b>	<b>22,800,000</b>	<b>17,798,572</b>	<b>697,168</b>

# CLASSIFICATION OF LOANS, ADVANCES AND BILLS PURCHASE AND PROVISING

As on 31<sup>st</sup> Ashad 2073 (15<sup>th</sup> July 2016)

Schedule 4.13

PARTICULARS	LOANS & ADVANCES							CURRENT (NRS)	PREVIOUS (NRS)
	DOMESTIC			FOREIGN	TOTAL LOANS & ADVANCES	BILLS PURCHASE			
	INSURED	UNINSURED	OTHERS						
			INSURED	UNINSURED					
1. Performing Loan	-	1,877,809,360	-	41,259,139,843	12,565,556	43,149,514,759	65,767,845	43,215,282,604	26,597,958,040
A. Pass loans	-	1,875,489,980	-	40,303,963,141	12,565,556	42,192,018,677	65,767,845	42,257,786,522	23,771,519,498
B. Watch List	-	2,319,380	-	955,176,702	-	957,496,082	-	957,496,082	2,826,438,542
2. Non Performing Loan	-	11,178,512	-	522,667,182	-	533,845,694	-	533,845,694	794,095,237
2.1 Restructured/ Re-scheduled	-	-	-	-	-	-	-	-	-
2.1 Sub Standard	-	1,191,017	-	34,474,038	-	35,665,055	-	35,665,055	23,425,634
2.2 Doubtful	-	-	-	175,111,219	-	175,111,219	-	175,111,219	117,600,788
2.3 Loss	-	9,987,495	-	313,081,925	-	323,069,420	-	323,069,420	653,068,815
<b>Total Loans (A)</b>	-	<b>1,888,987,872</b>	-	<b>41,781,807,025</b>	<b>12,565,556</b>	<b>43,683,360,453</b>	<b>65,767,845</b>	<b>43,749,128,298</b>	<b>27,392,053,277</b>
3. Loan Loss Provision									
3.1 Pass Loans	-	18,754,900	-	403,039,632	125,656	421,920,187	657,679	422,577,866	237,715,196
3.2 Watch-List	-	92,776	-	38,207,069	-	38,299,844	-	38,299,844	56,528,771
3.3. Restructured/ Re-scheduled Loan	-	-	-	-	-	-	-	-	-
3.4 Sub Standard	-	297,754	-	8,618,509	-	8,916,264	-	8,916,264	5,856,409
3.5 Doubtful	-	-	-	87,555,610	-	87,555,610	-	87,555,610	58,800,394
3.6 Loss	-	9,987,495	-	313,081,925	-	323,069,420	-	323,069,420	653,068,816
<b>Total Provisions (B)</b>	-	<b>29,132,925</b>	-	<b>850,502,745</b>	<b>125,656</b>	<b>879,761,325</b>	<b>657,679</b>	<b>880,419,004</b>	<b>1,011,969,586</b>
4. Provision upto Previous year	-	-	-	-	-	-	-	-	-
4.1 Pass Loans	-	10,941,981	-	226,264,395	68,072	237,274,448	440,748	237,715,196	199,414,599
4.2 Watch-List	-	-	-	56,528,771	-	56,528,771	-	56,528,771	-
4.3 Restructured/ Re-scheduled Loans	-	-	-	-	-	-	-	-	-
4.4 Sub Standard	-	-	-	5,856,409	-	5,856,409	-	5,856,409	9,892,148
4.5 Doubtful	-	-	-	58,800,394	-	58,800,394	-	58,800,394	166,604,316
4.6 Loss	-	9,984,847	-	643,083,969	-	653,068,816	-	653,068,816	664,002,133
Extra Provision	-	-	-	-	-	-	-	-	-
<b>Total Provision upto Previous Year (C)</b>	-	<b>20,926,828</b>	-	<b>990,533,938</b>	<b>68,072</b>	<b>1,011,528,838</b>	<b>440,748</b>	<b>1,011,969,586</b>	<b>1,039,913,196</b>
Addition From Acquired Entity	-	2,841,858	-	96,037,274	-	98,879,132	-	98,879,132	-
Write back during the year	-	-	-	466,766,494	-	466,766,494	-	466,766,494	381,987,976
Additional Provision during the year	-	5,364,239	-	230,698,027	57,584	236,119,849	216,931	236,336,780	354,044,366
Net Change for this year	-	5,364,239	-	(236,068,467)	57,584	(230,646,645)	216,931	(230,429,714)	(27,943,610)
<b>NET LOAN (A-B)</b>	-	<b>1,859,854,947</b>	-	<b>40,931,304,280</b>	<b>12,439,900</b>	<b>42,803,599,128</b>	<b>43,634,018</b>	<b>42,868,709,294</b>	<b>26,380,083,691</b>

# SECURITIES FOR LOANS, ADVANCE & BILLS PURCHASE

As on 31<sup>st</sup> Ashad 2073 (15<sup>th</sup> July 2016)

Schedule 4.13A

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
(A) Secured	43,749,128,298	27,392,053,276
1. Collateral of Movable/Immovable Assets	39,725,385,062	25,833,579,075
2. Guarantee of Local Licensed Institutions	-	-
3. Guarantee of Government of Nepal	-	-
4. Guarantee of Internationally Rated Banks	-	-
5. Export Documents	-	-
6. Fixed Deposit Receipts	247,871,048	90,027,349
(a) Own FDR	247,871,048	90,027,349
(b) FDR of other Banks	-	-
7. Government Bonds	-	-
8. Counter Guarantees	-	-
9. Personal Guarantee	32,596,432	-
10. Other Securities	3,743,275,756	1,468,446,852
(B) Unsecured	-	-
<b>TOTAL LOANS, ADVANCE &amp; BILLS PURCHASE</b>	<b>43,749,128,298</b>	<b>27,392,053,276</b>



# FIXED ASSETS

As on 31<sup>st</sup> Ashad 2073 (15<sup>th</sup> July 2016)

Schedule 4.14

PARTICULARS	ASSETS (NPR)						CURRENT YEAR NPR	PREVIOUS YEAR NPR
	BUILDING	VEHICLE	MACHINERY	OFFICE EQUIPMENT	OTHERS			
a. Previous year's balance	-	120,015,117	-	302,302,137	37,964,306		422,921,265	
b. Additions this year	-	43,354,500	-	23,276,338	12,138		66,642,976	
c. Revaluation/Written back this year	-		-				-	
d. This Year Sold	-	(27,540,285)	-	(4,807,431)	(5,763,762)		(38,111,478)	
e. This year written off	-	-	-	-	-		-	
f. Addition from the Acquired Entity	36,714,832	17,242,265	-	38,660,194	9,104,540		-	
Total Cost (a+b+c+d+e)	36,714,832	153,071,597	-	359,431,238	41,317,222		460,281,560	
2. Depreciation								
a. Upto previous year	-	43,875,239	-	179,180,640	23,992,382		234,988,366	
b. For this year	-	12,619,897	-	20,552,216	2,035,908		35,208,021	
c. Depreciation on revaluation/written back	-		-				-	
d. Depreciation Adjustment/Written off	-	(15,763,039)	-	(3,270,087)	(4,590,307)		(23,623,433)	
e. From Acquired Entity	15,948,013	9,365,863	-	27,034,017	2,375,549		-	
Total Depreciation	15,948,013	50,097,960	-	223,496,786	23,813,532		313,356,292	
3. Written Down Value (1-2)	20,766,819	102,973,637	-	135,934,452	17,503,689		247,048,261	
4. Land							213,233,299	
5. Capital Construction( Capital WIP)							60,008,399	
6. Leasehold Assets (net of amortisation)	98,346,220						98,346,220	
<b>TOTAL (3+4+5+6)</b>							<b>435,533,216</b>	
							<b>309,655,783</b>	

# NON-BANKING ASSETS

As on 31<sup>st</sup> Ashad 2073 (15<sup>th</sup> July 2016)

Schedule 4.15

NAME & ADDRESS OF BORROWER	DATE OF ASSUMING NBA	GROSS NBA (NPR)	%	LESS: PROVISION		NET NBA NPR	PREVIOUS YEAR(NPR)	
				NPR	NPR		GROSS	NET
ANNAPURNA MULTI IND P. LTD (Ramkot-6, Kathmandu)	6-NOV-14	9,000,000	100%	9,000,000	-	-	9,000,000	-
SIGNATURE PROPERTIES & LAND DEVELOPERS (Sanischere - 1, Jhapa)	2-DEC-14	-	100%	-	-	-	64,000,000	-
KASIKA COLLECTION CENTRE (Madhumalla-5, Morang/Bayarban-9, Morang)	16-JUL-15	6,126,746	100%	6,126,746	-	-	8,726,746	-
PS PASMINA ( Kathmandu -15, Dalli)	16-JUL-15	-	100%	-	-	-	10,115,477	-
RATNA KESHARI (Madhyapur Thimi -15, Kausaltar)	16-JUL-15	-	100%	-	-	-	12,923,374	-
NEPAL PRAGATI NIRMAN SEWA (Chitwan)	11-JUL-16	30,200,000	100%	30,200,000	-	-	-	-
NEPAL PRAGATI NIRMAN SEWA (Jhapa)	12-JUL-16	25,683,645	100%	25,683,645	-	-	-	-
FASHION CHECK	15-JUN-16	27,498,096	100%	27,498,096	-	-	-	-
HEM BAHADUR KHADKA	14-JUL-16	1,999,423	100%	1,999,423	-	-	-	-
AMAR ADHARSHA MA VI (Sinamangal)	16-DEC-02	3,399,739	100%	3,399,739	-	-	-	-
<b>TOTAL NBA</b>		<b>103,907,648</b>	<b>-</b>	<b>103,907,648</b>	<b>-</b>	<b>-</b>	<b>104,765,597</b>	<b>-</b>

## OTHER ASSETS

As on 31<sup>st</sup> Ashad 2073 (15<sup>th</sup> July 2016)

Schedule 4.16

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
1. Stock of Stationery	24,282,198	10,038,745
2. Income Receivable on Investments	35,722,635	9,213,669
3. Accrued Interest on Loans (Net Suspense)	-	6,970,701
Accrued Interest on Loans	399,007,243	398,661,728
Less: Interest Suspense	(399,007,243)	(391,691,027)
4. Commission Receivable	-	-
5. Sundry Debtors	74,453,968	11,262,318
6. Staff Loans and Advances	235,593,817	167,216,707
Staff Loans	220,168,455	157,706,201
Staff Advances	15,425,362	9,510,506
7. Prepayments	15,074,987	14,545,240
8. Cash-in-Transit	-	-
Cash in Transit NRS	-	-
Fund in Transit IRs	-	-
9. Other Transit Items ( including cheques)	-	89,242
Clg items O/W NRs	-	89,242
Clg items O/W FCY	-	-
10. Drafts Paid Without Notice	-	-
11. Expenses to be Written off	5,892,829	13,848,744
12. Branch Adjustment Accounts	155,081	141,844
13. Deferred Tax Asset	17,190,231	10,296,879
14. Others	92,327,379	137,549,776
a. Advance Income Tax (Net)	27,774,490	84,357,745
b. Others	64,552,889	53,192,031
<b>TOTAL OTHER ASSETS</b>	<b>500,693,125</b>	<b>381,173,865</b>

## OTHER ASSETS (ADDITIONAL STATEMENT)

As on 31<sup>st</sup> Ashad 2073 (15<sup>th</sup> July 2016)

Schedule 4.16A

PARTICULARS	THIS YEAR NPR				PREVIOUS YEAR NPR
	UPTO 1 YEAR	1 TO 3 YEARS	ABOVE 3 YEARS	TOTAL	
1. Accrued Interest on Loans	335,567,674	47,703,337	15,736,232	399,007,243	398,661,728
2. Draft Paid without Notice					
3. Branch Adjustment Account	13,237	141,844	-	155,081	141,844
4. Local/Foreign Agency Account					
<b>TOTAL</b>	<b>335,580,911</b>	<b>47,845,181</b>	<b>15,736,232</b>	<b>399,162,324</b>	<b>398,803,572</b>

# CONTINGENT LIABILITIES

As on 31<sup>st</sup> Ashad 2073 (15<sup>th</sup> July 2016)

Schedule 4.17

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
1. Claims on Bank but not Accepted by the Bank	-	-
2. Letters of Credit (Full Amount)	2,509,971,149	1,505,466,709
a. Letter of Credit With Maturity Less than 6 Months	2,509,971,149	1,505,466,709
b. Letter of Credit With Maturity More than 6 Months	-	-
3. Rediscounted Bills	-	-
4. Unmatured Guarantees/Bonds	5,455,715,259	3,198,146,377
a. Bid Bonds	1,191,857,119	733,243,791
b. Performance Bonds	4,248,947,145	2,464,902,586
c. Other Guarantee/Bonds	14,910,995	-
5. Unpaid Shares in Investment	-	-
6. Forward Exchange Contract Liabilities	2,174,597,282	936,589,440
7. Bills under Collection	612,226,357	345,360,687
8. Acceptances and Endorsements	677,617,999	310,574,418
9. Underwriting Commitments	-	-
10. Irrevocable Loan Commitments	5,746,474,773	1,087,265,140
11. Guarantees issued against Counter Guarantee of In'lly Rated Foreign Banks	-	-
12. Advance Payment Guarantees	2,785,924,266	1,153,406,223
13. Financial Guarantees	-	-
14. Contingent Liabilities on Income Tax	15,377,566	34,416,805
15. ....	-	-
<b>TOTAL CONTINGENT LIABILITIES</b>	<b>19,977,904,651</b>	<b>8,571,225,800</b>

# INTEREST INCOME

For the Period Ended 1<sup>st</sup> Shrawan 2072 to  
31<sup>st</sup> Ashad 2073 (17<sup>th</sup> July 2015 to 15<sup>th</sup> July 2016)

Schedule 4.18

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
A. On Loans, Advances and Overdrafts	2,979,259,601	2,357,715,473
1. Loans & Advances	2,152,660,174	1,708,733,418
2. Overdrafts	826,599,427	648,982,055
B. On Investment	106,681,258	37,181,683
1. Nepal Government Securities	96,236,701	33,871,026
a. Treasury Bills	7,774,605	6,216,329
b. Development Bonds	68,165,272	15,076,705
c. National Savings Certificates	258,501	-
d. Reverse Repo & Deposit Collection	20,038,323	12,577,992
2. Foreign Securities	-	-
a. ....	-	-
b. ....	-	-
3. Nepal Rastra Bank Bonds	-	-
4. Debentures & Bonds	-	-
5. Interest on Interbank Placements	10,444,557	3,310,657
a. Bank/ Financial Institutions	10,444,557	3,310,657
b. Other Institutions	-	-
C. On Agency Balances	510,115	204,465
1. Local Banks/Financial Institutions	-	-
2. Foreign Banks	510,115	204,465
D. On Money at Call and Short Notice	77,645	39,685
1. Local Banks/Financial Institutions	77,645	39,685
2. Foreign Banks	-	-
E. On Others	9,020,418	7,516,010
1. Local Banks/Financial Institutions	-	-
2. Foreign Banks	-	-
3. Others	9,020,418	7,516,010
<b>TOTAL INTEREST INCOME</b>	<b>3,095,549,037</b>	<b>2,402,657,316</b>

# INTEREST EXPENSES

For the Period Ended 1<sup>st</sup> Shrawan 2072 to  
31<sup>st</sup> Ashad 2073 (17<sup>th</sup> July 2015 to 15<sup>th</sup> July 2016)

Schedule 4.19

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
A. ON DEPOSIT LIABILITY	1,590,152,434	1,293,535,167
1. Fixed Deposits	1,102,076,355	735,741,914
1.1 Local Currency	1,085,562,836	717,474,541
1.2 Foreign Currency	16,513,519	18,267,373
2. Savings Deposits	322,960,519	342,963,283
2.1 Local Currency	322,339,601	342,485,177
2.2 Foreign Currency	620,918	478,106
3. Call Deposits	165,115,560	214,829,970
3.1 Local Currency	163,170,245	212,822,905
3.2 Foreign Currency	1,945,315	2,007,065
4. Certificate of Deposits		
B. ON BORROWINGS	1,824,544	2,822,053
1. Debentures & Bonds	-	-
2. Loan From Nepal Rastra Bank	-	-
3. Inter Bank Borrowings	1,824,544	2,822,053
4. Other Organized Institutions	-	-
5. Other Loans	-	-
C. ON OTHERS	-	-
<b>TOTAL INTEREST EXPENSES</b>	<b>1,591,976,978</b>	<b>1,296,357,220</b>

# COMMISSION & DISCOUNT

For the Period Ended 1<sup>st</sup> Shrawan 2072 to  
31<sup>st</sup> Ashad 2073 (17<sup>th</sup> July 2015 to 15<sup>th</sup> July 2016)

Schedule 4.20

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
A. Bills Purchased and Discounted	523,848	821,987
1. Local	523,848	604,615
2. Foreign	-	217,372
B. Commission	138,253,202	100,812,615
1. Letters of Credit	24,820,215	25,498,926
2. Guarantees	26,425,888	14,422,820
3. Collection Fees	4,119,665	4,289,987
4. Remittance Fees	7,857,621	4,970,379
5. Credit Cards	-	-
6. Share Underwriting /Issues	-	-
7. Government Transactions	-	-
8. Agency Commission	-	4,106,777
9. Exchange Fee	-	-
10. Bid Bonds/ Performance Bonds	75,029,813	47,523,726
C. Others	21,996,092	17,743,567
<b>TOTAL COMMISSION &amp; DISCOUNT</b>	<b>160,773,142</b>	<b>119,378,169</b>



## OTHER OPERATING INCOME

For the Period Ended 1<sup>st</sup> Shrawan 2072 to 31<sup>st</sup> Ashad  
2073 (17<sup>th</sup> July 2015 to 15<sup>th</sup> July 2016)

Schedule 4.21

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
1. Rental on Safe Deposit Lockers	5,698,509	5,686,016
2. Issue and Renewal of Credit Cards	-	-
3. Issue and Renewal of ATM Cards	98,586,342	53,900,426
4. Telex/ T. T.	5,511,665	3,568,971
5. Service Charges	163,357,359	119,531,491
6. Renewal Fees	-	-
7. Others	5,885,563	4,586,569
<b>TOTAL OTHER OPERATING INCOME</b>	<b>279,039,438</b>	<b>187,273,473</b>

## EXCHANGE FLUCUATION INCOME

For the Period Ended 1<sup>st</sup> Shrawan 2072 to  
31<sup>st</sup> Ashad 2073 (17<sup>th</sup> July 2015 to 15<sup>th</sup> July 2016)

Schedule 4.22

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
A. Revaluation Gain	18,429,380	10,330,569
B. Trading Gain (Except exchange fees)	96,906,806	69,985,258
<b>TOTAL FOREX INCOME</b>	<b>115,336,186</b>	<b>80,315,827</b>

## STAFF EXPENSES

For the Period Ended 1<sup>st</sup> Shrawan 2072 to 31<sup>st</sup> Ashad  
2073 (17<sup>th</sup> July 2015 to 15<sup>th</sup> July 2016)

Schedule 4.23

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
1. Salary	168,343,455	139,117,022
2. Allowances	148,430,442	103,323,617
3. Contribution to Provident Fund	13,506,795	10,639,263
4. Training Expenses	7,097,790	2,435,591
5. Uniform	-	3,266,164
6. Medical	-	-
7. Insurance	5,622,810	5,646,931
8. Pension and Gratuity Expenses	8,359,900	3,825,527
9. Others	4,271,797	3,657,214
<b>TOTAL SALARY</b>	<b>355,632,989</b>	<b>271,911,329</b>

# OFFICE OVERHEAD EXPENSES

For the Period Ended 1<sup>st</sup> Shrawan 2072 to  
31<sup>st</sup> Ashad 2073 (17<sup>th</sup> July 2015 to 15<sup>th</sup> July 2016)

Schedule 4.24

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
1. House Rent	60,839,612	56,182,969
2. Electricity and Water	11,537,421	11,095,711
3. Repairs and Maintenance	14,280,172	14,085,844
a. Building	2,160,964	1,144,719
b. Vehicles	1,064,609	1,230,031
c. Others	11,054,599	11,711,094
4. Insurance	18,840,201	19,129,262
5. Postage, Telex, Telephone, Fax	8,913,222	7,786,135
6. Office Equipment, Furniture & Repairs	13,894,644	9,008,915
7. Travelling Allowance and Expenses	7,445,062	5,732,249
8. Printing and Stationery	16,928,805	12,529,280
9. Books and Periodicals	172,970	196,868
10. Advertisements & Business Promotion	20,358,526	13,016,654
11. Legal Fees	-	-
12. Donations	-	-
13. Expenses Relating to Board of Directors	3,131,786	2,311,878
a. Meeting Fees	2,514,000	2,081,000
b. Other Expenses	617,786	230,878
14. Annual General Meeting Expenses	1,343,066	1,049,504
15. Expenses Relating to Audit	1,412,500	750,050
a. Audit Fees	1,130,000	435,050
b. Other Expenses	282,500	315,000
16. Fund Transfer Expense	-	-
17. Depreciation on Fixed Assets	35,208,020	31,739,091
18. Amortization of Preliminary Expenses	-	-
19. Share Issue Expenses	-	-
20. Professional Fees	9,941,926	7,282,939
21. Entertainment	937,998	2,162,916
22. Amortization	28,344,824	32,224,616
23. Security Expenses	43,504,856	41,194,807
24. Credit Guarantee Premium	-	-
25. Commission and Discount	11,541,341	8,192,902
26. Others Expenses	117,405,018	80,798,770
a. Registration Fees	2,194,084	1,975,176
b. Expense for Capital Items	708,220	482,536
c. ATM and Card Related Expenses	69,280,603	35,861,791
d. Lease Rental Expenses	10,277,548	9,507,529
e. Subscription Fees	2,643,751	2,402,766
f. Others	32,300,812	30,568,972
<b>TOTAL OFFICE OVERHEAD EXPENSES</b>	<b>425,981,970</b>	<b>356,471,360</b>

## PROVISION FOR POSSIBLE LOSS

For the Period Ended 1<sup>st</sup> Shrawan 2072 to 31<sup>st</sup> Ashad 2073 (17<sup>th</sup> July 2015 to 15<sup>th</sup> July 2016)

Schedule 4.25

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
1. Increase in Loan Loss Provision	236,336,780	354,044,366
2. Increase in Provision for Loss on Investment	-	-
3. Provision for Non Banking Assets	85,381,163	104,765,597
4. Provision for Other Assets	-	-
<b>TOTAL PROVISION FOR POSSIBLE LOSS</b>	<b>321,717,943</b>	<b>458,809,963</b>

## NON OPERATING INCOME

For the Period Ended 1<sup>st</sup> Shrawan 2072 to 31<sup>st</sup> Ashad 2073 (17<sup>th</sup> July 2015 to 15<sup>th</sup> July 2016) Schedule 4.26

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
1. Profit (Loss) on Sale of Investments	-	-
2. Profit (Loss) on Sale of Assets	80,847	2,085,084
3. Dividend	351,500	171,000
4. Subsidies Received from Nepal Rastra Bank	-	-
5. Others	884,247	566,728
<b>TOTAL NON OPERATING INCOME</b>	<b>1,316,594</b>	<b>2,822,812</b>

## PROVISION WRITE BACK

For the Period Ended 1<sup>st</sup> Shrawan 2072 to 31<sup>st</sup> Ashad 2073 (17<sup>th</sup> July 2015 to 15<sup>th</sup> July 2016) Schedule 4.27

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
1. Loan Loss Provision Written Back	466,766,494	381,987,976
2. Provision against Non Banking Assets Written Back	89,638,851	35,146,878
3. Provision against Investment Written Back	-	-
4. Provision against Other Assets Written Back	-	-
<b>TOTAL PROVISION WRITE BACK</b>	<b>556,405,345</b>	<b>417,134,854</b>

## EXTRA ORDINARY INCOME/(LOSS)

For the Period Ended 1<sup>st</sup> Shrawan 2072 to 31<sup>st</sup> Ashad 2073 (17<sup>th</sup> July 2015 to 15<sup>th</sup> July 2016)

Schedule 4.28

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
1. Recovery of Loan Written off	5,630,227	-
2. Voluntary Retirement Scheme Expenses	-	-
3. Loan Write Offs { Refer Schedule 4.28 (Ka)}	(8,860,391)	(92,468,268)
4. Other Expense/Income	-	-
5. ....	-	-
<b>TOTAL EXTRA ORDINARY INCOME</b>	<b>(3,230,164)</b>	<b>(92,468,268)</b>

# DETAILS OF LOAN WRITE OFF

For the Period Ended 1<sup>st</sup> Shrawan 2072 to 31<sup>st</sup> Ashad 2073 (17<sup>th</sup> July 2015 to 15<sup>th</sup> July 2016)

Schedule 4.28ka

CUSTOMER	LOAN TYPE	AMOUNT	TYPE OF SECURITY	BASIS OF VALUATION	LOAN APPROVED BY	INITIATION MADE FOR RECOVERY	REMARKS
1.CHARLES WILLIAM MENDIS	Overdraft	1,207,805	FAC/Vehicle	FMV: 13.22 Mill, DV: 10.58 Mill		35 days and 15 days notice published	
2.DAVID WILLIAM MENDIS	Force Loan	11,123			CEO	35 days and 15 days notice published	
3.SANGAM INSTITUTE	OD,FTL	1,990,204			CEO	35 days and 15 days notice published	
4.VENTECH MEDICAL NEPAL	OD,FTL	1,704,712			CEO	35 days and 15 days notice published	
5.SAHADEV KACHAPATI	Force Loan	54,804			CEO	35 days and 15 days notice published	
6.BALLU TRADE LINK	Force Loan	36,344			CEO	35 days and 15 days notice published	
7.MANAKAMANA CRUSHER	Force Loan	104,723			CEO	35 days and 15 days notice published	
8.RINA INTERNATIONAL	Force Loan	23,772			CEO	35 days and 15 days notice published	
9.KASIKA COLLECTION CENTRE	Overdraft	3,211,084	FAC	FMV: 29.57 Mill, DV: 23.66 Mill		35 days, 15 days and 7 days auction notice published, NBA booked	
10.PRABINMAN/KRISHNA MAYA	Force Loan/ Home Loan	515,822	FAC	FMV: 13.91, DV: 10.33		35 days, 15 days and 7 days auction notice published, NBA booked and sold to Mrs. Sabita Bajracharya	
<b>TOTAL</b>		<b>8,860,391</b>					

# STATEMENT OF LOANS & ADVANCES EXTENDED TO DIRECTORS/ CHIEF EXECUTIVE/PROMOTERS/EMPLOYEES AND SHAREHOLDERS HOLDING MORE THAN 1 PERCENT SHARES

As on 31<sup>st</sup> Ashad 2073 (15<sup>th</sup> July 2016)

Schedule 4.29

The Statement of amount include under total amount of Bills purchases & Discounted , Loans, Advances and Overdraft, provided to Directors, Chief Executives, Promoters, Employees, Shareholders holding more than 1% shares and to the individual member of their undivided family or against the guarantee of such persons or to the Organisation or Companies in which such individuals are managing agent are as follows.

NAME	LAST YEAR BALANCE		THIS YEAR RECOVERY		THIS YEAR DISBURSHMENT		THIS YEAR BALANCE	
	PRINCIPLE NPR	INTEREST NPR	PRINCIPLE NPR	INTEREST NPR	PRINCIPLE NPR	INTEREST NPR	PRINCIPLE NPR	INTEREST NPR
(A) Directors	-	-	-	-	-	-	-	-
1.								
2.								
3.								
(B) Chief Executive	-	-	-	-	-	-	-	-
1.								
2.								
3.								
(C) Promoters	-	-	-	-	-	-	50,000,000	89,041
1. Salt Trading Corporation								
2.								
3.								
(D) Employees	-	-	-	-	-	-	-	-
1.								
2.								
3.								
(E) Shareholders holding more than 1% Shares	-	-	-	-	-	-	-	-
1.								
2.								
3.								
							50,000,000	89,041

# CAPITAL ADEQUACY TABLE

( After Adjustment of 3% in Operational Risk & 3% on Total RWE)  
As on 31<sup>st</sup> Ashad 2073 (15<sup>th</sup> July 2016)

Schedule 4.30A

Amount in Thousand

PARTICULARS	CURRENT YEAR NPR	PREVIOUS YEAR NPR
<b>1.1 RISK WEIGHTED EXPOSURE</b>		
a. Risk Weighted Exposure for Credit Risk	49,868,023	29,173,117
b. Risk Weighted Exposure for Operational Risk	2,198,900	1,872,560
c. Risk Weighted Exposure for Market Risk	174,330	58,330
Adjustments under Pillar II		
Add: 1% of the NII to RWA for ALM Policy and Practice.	11,063	10,951
Add :% of the total deposits due to insufficient Liquid Assets	-	-
3% additional risk weight for Operational Risk	447,570	464,136
3% adjustment on Total RWE	1,567,238	933,120
<b>TOTAL RISK WEIGHTED EXPOSURES (AFTER BANK'S ADJUSTMENTS OF PILLAR II)</b>	<b>54,267,124</b>	<b>32,512,214</b>
<b>1.2 CAPITAL</b>		
Core Capital (Tier 1)	6,041,887	3,285,847
a. Paid up Equity Share Capital	3,976,046	2,443,688
b. Irredeemable Non-cumulative preference shares	-	-
c. Share Premium / Capital Reserve	-	32,408
d. Proposed Bonus Equity Shares	1,325,349	528,968
e. Statutory General Reserves	774,260	294,760
f. Retained Earnings	15,997	3,285
g. Un-audited current year cumulative profit	-	-
h. Capital Redemption Reserve	-	-
i. Capital Adjustment Reserve	-	-
j. Dividend Equalization Reserves	-	-
k. Other Free Reserve	14,034	12,893
l. Less: Goodwill	-	-
m. Less: Fictitious Assets	-	-
n. Less: Deferred Tax Assets	(17,190)	(10,297)
o. Less: Investment in equity in licensed Financial Institutions	-	-
p. Less: Investment in equity of institutions with financial interests	(19,858)	(19,858)
q. Less: Investment in equity of institutions in excess of limits	(1,000)	-
r. Less: Investments arising out of underwriting commitments	-	-
s. Less: Reciprocal crossholdings	-	-
t. Less: Other Deductions	(25,751)	-
Adjustments under Pillar II		
Less: Shortfall in Provision (6.4 a 1)	-	-
Less: Loans & Facilities extended to Related Parties & Restricted lending (6.4 a 2)	-	-
Supplementary Capital (Tier 2)	499,859	326,215
a. Cumulative and/or Redeemable Preference Share		
b. Subordinated Term Debt		
c. Hybrid Capital Instruments		
d. General loan loss provision	460,878	294,244
e. Exchange Equalization Reserve	21,182	16,574
f. Investment Adjustment Reserve	17,799	15,397
g. Assets Revaluation Reserve		
h. Other Reserves		
<b>TOTAL CAPITAL FUND</b>	<b>6,541,746</b>	<b>3,612,062</b>
<b>1.3 CAPITAL ADEQUACY RATIOS</b>		
Tier 1 Capital to Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	11.13%	10.11%
Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures(After Bank's adjustments of Pillar II)	12.05%	11.11%



# RISK WEIGHTED EXPOSURE FOR CREDIT RISK

As on 31<sup>st</sup> Ashad 2073 (15<sup>th</sup> July 2016)

Schedule 4.30B

Amount in Thousand

PARTICULARS	GROSS BOOK VALUE (A)	CURRENT YEAR			RISK WEIGHT (E)	RISK WEIGHT EXPOSURE (D * E)	PREVIOUS YEAR	
		SPECIFIC PROVISION (B)	ELIGIBLE CRM	NET VALUE (D) (A-B-C)			NET VALUE	RISK WEIGHTED EXPOSURE
<b>A. BALANCE SHEET EXPOSURE</b>								
Cash Balance	1,167,578	-	-	1,167,578	0%	-	867,651	-
Balance With Nepal Rastra Bank	3,809,455	-	-	3,809,455	0%	-	1,890,735	-
Gold	1,952	-	-	1,952	0%	-	1,952	-
Investment in Nepalese Government Securities	3,795,554	-	-	3,795,554	0%	-	2,690,873	-
All Claims on Government of Nepal	90,614	-	-	90,614	0%	-	90,614	-
Investment in Nepal Rastra Bank securities	1,630,350	-	-	1,630,350	0%	-	2,880,725	-
All claims on Nepal Rastra Bank	-	-	-	-	0%	-	-	-
Claims on Foreign Government and Central Bank (ECA 0-1)	-	-	-	-	0%	-	-	-
Claims on Foreign Government and Central Bank (ECA -2)	-	-	-	-	20%	-	-	-
Claims on Foreign Government and Central Bank(ECA -3)	-	-	-	-	50%	-	-	-
Claims on Foreign Government and Central Bank(ECA-4-6)	-	-	-	-	100%	-	-	-
Claims on Foreign Government and Central Bank(ECA -7)	-	-	-	-	150%	-	-	-
Claims on BIS, IMF, ECB, EC and on Multilateral Development Banks (MDB's) recognized by the framework	-	-	-	-	0%	-	-	-
Claims on Other Multilateral Development Banks	-	-	-	-	100%	-	-	-
Claims on Public Sector Entity (ECA 0-1)	-	-	-	-	20%	-	-	-
Claims on Public Sector Entity (ECA 2)	-	-	-	-	50%	-	-	-
Claims on Public Sector Entity (ECA 3-6)	-	-	-	-	100%	-	-	-
Claims on Public Sector Entity (ECA 7)	-	-	-	-	150%	-	-	-
Claims on domestic banks that meet capital adequacy requirements	1,141,775	-	-	1,141,775	20%	228,355	165,012	33,002
Claims on domestic banks that do not meet capital adequacy requirements	27,909	-	-	27,909	100%	27,909	31,887	31,887
Claims on foreign bank (ECA Rating 0-1)	1,920,898	-	-	1,920,898	20%	384,180	1,288,548	257,710
Claims on foreign bank (ECA Rating 2)	1,044,738	-	-	1,044,738	50%	522,369	407,578	203,789
Claims on foreign bank (ECA Rating 3-6)	-	-	-	-	100%	-	-	-
Claims on foreign bank (ECA Rating 7)	-	-	-	-	150%	-	-	-

Contd... RISK WEIGHTED EXPOSURE FOR CREDIT RISK

Contd... RISK WEIGHTED EXPOSURE FOR CREDIT RISK

PARTICULARS	CURRENT YEAR					PREVIOUS YEAR		
	GROSS BOOK VALUE (A)	SPECIFIC PROVISION (B)	ELIGIBLE CRM	NET VALUE (D) (A-B-C)	RISK WEIGHT (E)	RISK WEIGHT EXPOSURE (D *E)	NET VALUE	RISK WEIGHTED EXPOSURE
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	81,576	-	-	81,576	20%	16,315	56,816	11,363
Claims on Domestic Corporates	23,668,369	208,982	208,982	23,459,387	100%	23,459,387	15,433,833	15,433,833
Claims on Foreign Corporates (ECA 0-1)	-	-	-	-	20%	-	-	-
Claims on Foreign Corporates (ECA-2)	-	-	-	-	50%	-	-	-
Claims on Foreign Corporates (ECA 3-6)	-	-	-	-	100%	-	-	-
Claims on Foreign Corporates (ECA 7)	-	-	-	-	150%	-	-	-
Regulatory Retail Portfolio (Not Overdue)	8,526,696	387,797	387,797	8,138,899	75%	6,104,174	5,042,136	3,781,602
Claims fulfilling all criterion of regulatory retail except granularity	-	-	-	-	100%	-	12,796	12,796
Claims secured by residential properties	5,480,459	-	-	5,480,459	60%	3,288,275	2,435,251	1,461,151
Claims not fully secured by residential properties	-	-	-	-	150%	-	-	-
Claims secured by residential properties (Overdue)	27,501	3,314	-	24,187	100%	24,187	10,426	10,426
Claims secured by Commercial real estate	2,509,100	-	-	2,509,100	100%	2,509,100	1,983,844	1,983,844
Past due claims (except for claim secured by residential properties)	568,992	416,227	5	152,760	150%	229,139	111,512	167,268
High Risk claims (Venture capital, private equity investments, personal loans and credit card receivables)	2,811,630	-	-	2,811,630	150%	4,217,445	1,025,406	1,538,109
Investments in equity and other capital instruments of institutions listed in the stock exchange	94,927	-	-	94,927	100%	94,927	-	-
Investments in equity and other capital instruments of institutions not listed in the stock exchange	18,759	106	-	18,653	150%	27,979	18,700	28,050
Staff Loan secured by residential property	159,835	-	-	159,835	60%	95,901	107,619	64,571
Interest receivable/claim on government securities	35,723	-	-	35,723	0%	-	9,214	-
Cash in transit and other cash items in the process of collection	-	-	-	-	20%	-	89	18
Other Assets	1,671,482	857,722	-	813,760	100%	813,760	571,956	571,956
<b>TOTAL</b>	<b>60,285,871</b>	<b>1,277,370</b>	<b>596,784</b>	<b>58,411,717</b>		<b>42,043,402</b>	<b>37,135,172</b>	<b>25,591,375</b>

PARTICULARS	GROSS BOOK VALUE (A)	SPECIFIC PROVISION (B)	CURRENT YEAR			RISK WEIGHT (E)	RISK WEIGHT EXPOSURE (D *E)	PREVIOUS YEAR	
			ELIGIBLE CRM	NET VALUE (D) (A-B-C)	RISK WEIGHT (E)			NET VALUE	RISK WEIGHTED EXPOSURE
<b>B. OFF BALANCE SHEET EXPOSURE</b>									
Revocable Commitments	-	-	-	-	0%	-	-	-	-
Bills Under Collection	612,226	-	612,226	612,226	0%	-	345,361	-	-
Forward Exchange Contract Liabilities	2,174,597	-	2,174,597	2,174,597	10%	217,460	936,589	93,659	-
LC Commitments With Original Maturity Up to 6 months (domestic counterparty)	2,509,971	-	2,291,320	2,291,320	20%	458,264	1,441,116	288,223	-
foreign counterparty (ECA Rating 0-1)			-	-	20%	-	-	-	-
foreign counterparty (ECA Rating- 2)			-	-	50%	-	-	-	-
foreign counterparty (ECA Rating 3-6)			-	-	100%	-	-	-	-
foreign counterparty (ECA Rating-7)			-	-	150%	-	-	-	-
LC Commitments With Original Maturity Over 6 months (domestic counterparty)			-	-	50%	-	-	-	-
foreign counterparty (ECA Rating 0-1)			-	-	20%	-	-	-	-
foreign counterparty (ECA Rating-2)			-	-	50%	-	-	-	-
foreign counterparty (ECA Rating 3-6)			-	-	100%	-	-	-	-
foreign counterparty (ECA Rating-7)			-	-	150%	-	-	-	-
" Bid Bond, Performance Bond and Counter guarantee (domestic counter party) "	5,455,715	-	5,256,419	5,256,419	50%	2,628,210	3,043,204	1,521,602	-
foreign counterparty (ECA Rating 0-1)			-	-	20%	-	-	-	-
foreign counterparty (ECA Rating-2)			-	-	50%	-	-	-	-
foreign counterparty (ECA Rating 3-6)			-	-	100%	-	-	-	-
foreign counterparty (ECA Rating -7)			-	-	150%	-	-	-	-
Underwriting commitments			-	-	50%	-	-	-	-
Lending of Bank's Securities or Posting of Securities as collateral			-	-	100%	-	-	-	-
Repurchase Agreements, Assets sale with recourse (including repo/ reverse repo)			-	-	100%	-	-	-	-
Advance Payment Guarantee	2,785,924	-	2,711,142	2,711,142	100%	2,711,142	1,137,016	1,137,016	-
Financial Guarantee			-	-	100%	-	-	-	-
Acceptances and Endorsements	677,618	-	644,872	644,872	100%	644,872	289,372	289,372	-
Unpaid portion of Partly paid shares and Securities			-	-	100%	-	-	-	-
Irrevocable Credit commitments (Short term)	5,746,475	-	5,746,475	5,746,475	20%	1,149,295	1,087,265	217,453	-
Irrevocable Credit commitments (long term)			-	-	50%	-	-	-	-

Contd... RISK WEIGHTED EXPOSURE FOR CREDIT RISK

PARTICULARS	CURRENT YEAR						PREVIOUS YEAR	
	GROSS BOOK VALUE (A)	SPECIFIC PROVISION (B)	ELIGIBLE CRM	NET VALUE (D) (A-B-C)	RISK WEIGHT (E)	RISK WEIGHT EXPOSURE (D * E)	NET VALUE	RISK WEIGHTED EXPOSURE
Other Contingent Liabilities	15,378	-	-	15,378	100%	15,378	34,417	34,417
Unpaid Guarantee Claims	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>19,977,904</b>	<b>-</b>	<b>525,475</b>	<b>19,452,429</b>		<b>7,824,621</b>	<b>8,314,340</b>	<b>3,581,742</b>
Total RWE for credit Risk (A) +(B)	80,263,775	1,277,370	1,122,259	77,864,146		49,868,023	45,449,512	29,173,117
Adjustments under Pillar II								
Add: 10% of the loan and facilities in excess of Single Obligor Limits(6.4 a 3)	-	-	-	-	-	-	-	-
Add: 1% of the contract(sale) value in case of the sale of credit with recourse (6.4 a 4)	-	-	-	-	-	-	-	-
<b>TOTAL RWE FOR CREDIT RISK (AFTER BANK'S ADJUSTMENTS OF PILLAR II)</b>	<b>80,263,775</b>	<b>1,277,370</b>	<b>1,122,259</b>	<b>77,864,146</b>		<b>49,868,023</b>	<b>45,449,512</b>	<b>29,173,117</b>

# ELIGIBLE CREDIT RISK MITIGANTS

As on 31<sup>st</sup> Ashad 2073 (15<sup>th</sup> July 2016)

Schedule 4.30C

Amount in NPR Thousand

CREDIT EXPOSURES	DEPOSITS WITH BANK	DEPOSITS WITH OTHER BANKS/FI	GOLD	GOVT. & NRB SECURITIES	G'TEE OF GOVT. OF NEPAL	SEC/G'TEE OF OTHER SOVEREIGNS	G'TEE OF DOMESTIC BANKS	G'TEE OF MDBS	SEC/G'TEE OF FOREIGN BANKS	TOTAL
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
<b>BALANCE SHEET EXPOSURES</b>										
Cash Balance	-	-	-	-	-	-	-	-	-	-
Balance with Nepal Rastra Bank	-	-	-	-	-	-	-	-	-	-
Gold	-	-	-	-	-	-	-	-	-	-
Investment in Nepalese Government Securities	-	-	-	-	-	-	-	-	-	-
All Claims on Government of Nepal	-	-	-	-	-	-	-	-	-	-
Investment in Nepal Rastra Bank securities	-	-	-	-	-	-	-	-	-	-
All claims on Nepal Rastra Bank	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Government Securities (ECA 0-1)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Government Securities (ECA -2)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Government Securities (ECA -3)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Government Securities (ECA-4-6)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Government Securities (ECA -7)	-	-	-	-	-	-	-	-	-	-
Claims On BIS, IMF, ECB, EC and on Multilateral Development Banks (MDB's) recognized by the framework	-	-	-	-	-	-	-	-	-	-
Claims on Other Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-
Claims on Public Sector Entity (ECA 0-1)	-	-	-	-	-	-	-	-	-	-
Claims on Public Sector Entity (ECA 2)	-	-	-	-	-	-	-	-	-	-
Claims on Public Sector Entity (ECA 3-6)	-	-	-	-	-	-	-	-	-	-
Claims on Public Sector Entity (ECA -7)	-	-	-	-	-	-	-	-	-	-
Claims on domestic banks that meet capital adequacy requirements	-	-	-	-	-	-	-	-	-	-
Claims on domestic banks that do not meet capital adequacy requirements	-	-	-	-	-	-	-	-	-	-
Claims on foreign bank (ECA Rating 0-1)	-	-	-	-	-	-	-	-	-	-
Claims on foreign bank (ECA Rating 2)	-	-	-	-	-	-	-	-	-	-
Claims on foreign bank (ECA Rating 3-6)	-	-	-	-	-	-	-	-	-	-
Claims on foreign bank (ECA Rating - 7)	-	-	-	-	-	-	-	-	-	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	-	-	-	-	-	-	-	-	-	-

Contd... ELIGIBLE CREDIT RISK MITIGANTS

Contd... ELIGIBLE CREDIT RISK MITIGANTS

CREDIT EXPOSURES	DEPOSITS WITH BANK	DEPOSITS WITH OTHER BANKS/FI	GOLD	GOVT. & NRB SECURITIES	G/TEE OF GOVT. OF NEPAL	SEC/G/TEE OF OTHER SOVEREIGNS	G/TEE OF DOMESTIC BANKS	G/TEE OF MDBS	SEC/G/TEE OF FOREIGN BANKS	TOTAL
Claims on Domestic Corporates	208,982	-	-	-	-	-	-	-	-	208,982
Claims on Foreign Corporates (ECA 0-1)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Corporates (ECA 2)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Corporates (ECA 3-6)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Corporates (ECA -7)	-	-	-	-	-	-	-	-	-	-
Regulatory Retail Portfolio (Not Overdue)	54,908	-	332,889	-	-	-	-	-	-	387,797
Regulatory Retail Portfolio (Overdue)	-	-	-	-	-	-	-	-	-	-
Claims fulfilling all criterion of regulatory retail except granularity -	-	-	-	-	-	-	-	-	-	-
Claims secured by residential properties	-	-	-	-	-	-	-	-	-	-
Claims no fully secured by residential properties	-	-	-	-	-	-	-	-	-	-
Claims secured by residential properties (Overdue)	-	-	-	-	-	-	-	-	-	-
Claims secured by Commercial real estate	-	-	-	-	-	-	-	-	-	-
Past due claims (except for claim secured by residential properties)	-	5	-	-	-	-	-	-	-	-
High Risk claims (Venture capital, private equity investments, personal loans and credit card receivables)	-	-	-	-	-	-	-	-	-	-
Investments in equity and other capital instruments of institutions not listed in the stock exchange	-	-	-	-	-	-	-	-	-	-
Investments in equity and other capital instruments of institutions listed in the stock exchange	-	-	-	-	-	-	-	-	-	-
Other Assets (as per attachment)	-	-	-	-	-	-	-	-	-	-
<b>TOTAL (A)</b>	<b>263,895</b>	<b>-</b>	<b>332,889</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>596,784</b>
Off Balance Sheet Exposures	-	-	-	-	-	-	-	-	-	-
Revocable Commitments	-	-	-	-	-	-	-	-	-	-
Bills Under Collection	-	-	-	-	-	-	-	-	-	-
Forward Exchange Contract Liabilities	-	-	-	-	-	-	-	-	-	-
LC Commitments With Original Maturity Up to 6 months (domestic counterparty)	218,651	-	-	-	-	-	-	-	-	218,651
foreign counterparty (ECA Rating 0-1)	-	-	-	-	-	-	-	-	-	-
foreign counterparty (ECA Rating-2)	-	-	-	-	-	-	-	-	-	-
foreign counterparty (ECA Rating 3-6)	-	-	-	-	-	-	-	-	-	-
foreign counterparty (ECA Rating- 7)	-	-	-	-	-	-	-	-	-	-
LC Commitments With Original Maturity Over 6 months (domestic counterparty)	-	-	-	-	-	-	-	-	-	-



Contd... ELIGIBLE CREDIT RISK MITIGANTS

CREDIT EXPOSURES	DEPOSITS WITH BANK	DEPOSITS WITH OTHER BANKS/FI	GOLD	GOVT. & NRB SECURITIES	G'TEE OF GOVT. OF NEPAL	SEC/G'TEE OF OTHER SOVEREIGNS	G'TEE OF DOMESTIC BANKS	G'TEE OF MDBS	SEC/G'TEE OF FOREIGN BANKS	TOTAL
foreign counterparty (ECA Rating 0-1)										-
foreign counterparty (ECA Rating 2)										-
foreign counterparty (ECA Rating 3-6)										-
foreign counterparty (ECA Rating -7)										-
Bid Bond, Performance Bond and Counter guarantee (domestic counter party)	199,296									199,296
foreign counterparty (ECA Rating 0-1)										-
foreign counterparty (ECA Rating -2)										-
foreign counterparty (ECA Rating 3-6)										-
foreign counterparty (ECA Rating- 7)										-
Underwriting commitments										-
Lending of Bank's Securities or Posting of Securities as collateral										-
Repurchase Agreements, Assets sale with recourse (including repo/ reverse repo)										-
Advance Payment Guarantee	74,782									74,782
Financial Guarantee										-
Acceptances and Endorsements	32,746									32,746
Unpaid portion of Partly paid shares and Securities										-
Irrevocable Credit commitments (Short term)										-
Irrevocable Credit commitments (long term)										-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement										-
Other Contingent Liabilities										-
<b>TOTAL (B)</b>	<b>525,475</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>525,475</b>
<b>GRAND TOTAL (C=A+B)</b>	<b>789,370</b>	<b>-</b>	<b>332,889</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,122,259</b>

# RISK WEIGHTED EXPOSURE FOR OPERATION RISK

As on 31<sup>st</sup> Ashad 2073 (15<sup>th</sup> July 2016)

Schedule 4.30D

Amount in Thousand

PARTICULARS	FY 2069/70	FY 2070/71	FY 2071/72	FOR PREVIOUS YEAR
Net Interest Income	988,899	1,095,134	1,106,300	
Commission and Discount Income	94,943	104,093	119,378	
Other Operating Income	124,525	141,288	187,273	
Exchange Fluctuation Income	50,511	63,213	80,316	
Additional/Deduction in Interest Suspense during the period	99,902	143,391	(1,367)	
Gross income (a)	1,358,779	1,547,120	1,491,900	-
Alfa (b)	15%	15%	15%	15%
Fixed Percentage of Gross Income [c=(a×b)]	203,817	232,068	223,785	-
Capital Requirement for operational risk (d) (average of c)			219,890	187,256
Risk Weight (reciprocal of capital requirement of 10%) in times (e)			10	10
Equivalent Risk Weight Exposure [f=(d×e)]			2,198,900	1,872,560
<b>PILLAR-II ADJUSTMENTS</b>				
If Gross Income for all the last three years is negative(6.4 a 8)			-	-
Total Credit and Investment (net of Specific Provision)			-	-
Capital Requirement for operational risk (5%)			-	-
Risk Weight (reciprocal of capital requirement of 10%) in times			-	-
Equivalent Risk Weight Exposure [g]			-	-
<b>EQUIVALENT RISK WEIGHT EXPOSURE [H=F+G]</b>			<b>2,198,900</b>	<b>1,872,560</b>

# RISK WEIGHTED EXPOSURE FOR MARKET RISK

As on 31<sup>st</sup> Ashad 2073 (15<sup>th</sup> July 2016)

Schedule 4.30E

Amount in Thousand

CURRENCY	ASHADH END 2072			PREVIOUS YEAR	
	OPEN POSITION (FCY)	RATE	OPEN POSITION (LCY)	RELEVANT OPEN POSITION	RELEVANT OPEN POSITION
INR	212,107.15	1.6000	339,371	339,371	92,368
USD	(28.51)	107.0500	(3,052)	3,052	7,668
GBP	1.04	143.6198	149	149	413
EUR	6.95	118.7677	825	825	9,155
THB	38.33	3.0080	115	115	1
CHF	2.07	109.0248	226	226	1,835
AUD	8.81	81.6371	719	719	1,186
CAD	5.23	82.9338	434	434	276
SGD	0.11	79.5326	9	9	67
JPY	865.37	1.0037	869	869	349
HKD	1.50	13.5915	20	20	19
DKK	39.57	15.6995	621	621	182
SEK	0.02	12.4375	-	-	1
SAR	28.55	28.1777	804	804	1,459
QAR	4.79	28.8181	138	138	285
AED	10.70	28.0508	300	300	322
MYR	15.88	26.8158	426	426	605
KRW	1,122.00	0.0922	103	103	-
CNY	2.87	15.8418	45	45	23
KUWAIT DHIRAM	1.30	332.0200	430	430	430
BAHARIN DINAR	0.00	266.8600	1	1	1
TOTAL OPEN POSITION (A)				348,657	116,645
<b>Fixed Percentage (b)</b>				<b>5%</b>	<b>5%</b>
<b>Capital Charge for Market Risk [c=(axb)]</b>				<b>17,433</b>	<b>5,833</b>
<b>Risk weight (reciprocal of capital requirement of 10%) in times (d)</b>				<b>10</b>	<b>10</b>
<b>EQUIVALENT RISK WEIGHT EXPOSURE[E=(CXD)]</b>				<b>174,330</b>	<b>58,330</b>

# PRINCIPAL FINANCIAL INDICATORS

For the Period Ended 1<sup>st</sup> Shrawan 2072 to  
31<sup>st</sup> Ashad 2073 (17<sup>th</sup> July 2015 to 15<sup>th</sup> July 2016)

Schedule 4.31

INDICATORS	UNIT	FY 2067/68 (2010/11)	FY 2068/69 (2011/12)	FY 2069/70 (2012/13)	FY 2070/71 (2013/14)	FY 2071/72 (2014/15)	FY 2072/73 (2015/16)
Net Profit/ Gross Income	Percent	2.16	5.10	12.41	9.03	16.88	26.07
Earnings Per Share	NPR	2.20	5.52	15.46	11.03	19.27	23.94
Market Value Per Share	NPR	163.00	145.00	232.00	510.00	395.00	748.00
Average Price	NPR	175.40	145.00	212.48	402.00	400.00	665.00
Price Earning Ratio	Ratio	74.24	26.28	15.00	46.22	20.50	31.26
Dividend (including bonus) on Share Capital (%)	Percent	4.00	5.26	11.58	0.00	22.63	33.33
Cash Dividend on Share Capital (%)	Percent	4.00	5.26	0.58	0.00	1.13	0.00
Interest Income/ Loans and Advances (%)	Percent	15.43	13.03	12.17	11.55	8.77	7.08
Staff Expenses/ Total Operating Expenses (%)	Percent	36.93	40.97	39.71	42.26	43.27	45.50
Interest Expenses/ Total Deposits & Borrowings (%)	Percent	9.12	7.51	5.38	4.99	3.87	3.08
Exchange Gain/ Total Income (%)	Percent	1.66	1.78	2.01	2.52	2.94	4.13
Staff Bonus/ Total Staff Expenses (%)	Percent	5.57	8.11	21.02	13.58	24.53	38.60
Net Profit/Total Loans & Advances (%)	Percent	0.36	0.75	1.69	1.18	1.72	2.17
Net Profit/ Total Assets (%)	Percent	0.28	0.52	1.19	0.83	1.26	1.62
Total Loans & Advances/ Total Deposits (%)	Percent	92.86	79.01	79.08	81.84	83.92	86.82
Total Operating Expenses/ Total Assets (%)	Percent	2.40	2.23	2.10	2.11	1.68	1.33
Capital Adequacy (On Risk Weighted Assets)							
a. Core Capital	Percent	12.55	11.01	10.96	10.63	10.11	11.13
b. Supplementary Capital	Percent	0.73	0.77	0.84	0.86	1.00	0.92
c. Total Capital Fund	Percent	13.28	11.78	11.80	11.49	11.11	12.05
Liquidity (%)	Percent	24.32	32.40	33.51	34.03	30.70	28.31
Non-Performing Loan/ Total Loans & Advances (%)	Percent	3.51	3.52	3.74	4.94	2.90	1.22
Weighted Average Interest Rate Spread	Percent	3.83	3.54	4.66	4.45	4.30	4.42
Book Net Worth (Per Share)	NPR	106.50	106.76	121.24	120.48	112.63	115.91
Number of Shares	Nos.	20,150,000	20,150,000	20,150,000	22,366,500	24,436,880	39,760,463
Number of Staff	Nos.	471	459	454	449	444	699
Number of Branches	Nos.	40	47	49	51	53	67

# SIGNIFICANT ACCOUNTING POLICIES

Schedule 4.32

## 1. GENERAL INFORMATION

Sunrise Bank Limited ("The Bank") is a limited liability company domiciled in Nepal. The address of its registered office is at Gairidhara Crossing, Kathmandu, Nepal. The bank is licensed by Nepal Rastra Bank-'NRB' the Central Bank of Nepal, to carry out the commercial banking business in Nepal as "A" class licensed financial institution. The bank is listed in Nepal Stock Exchange Limited. The financial statements contained in this report have been approved for publication by the Board of Directors and NRB.

During the year, the bank has acquired Narayani National Finance Limited. The shareholders of Narayani National Finance Limited will be issued 77 Shares of Sunrise Bank Limited for every 100 Shares of Narayani National Finance Limited held. The acquisition was endorsed by Special General Meeting held on 20th Jyestha 2073, followed by the approval of the Nepal Rastra Bank on 19th Ashad 2073. The joint operation started along with integration of books of accounts from 30th Ashad 2073 (14th July 2016).

The details of consolidation of books have been illustrated in clause 27.

## 2. APPROVAL OF FINANCIAL STATEMENT

The accompanied financial statement for fiscal year 2072-73 (2015-16) has been approved by the Board of Directors in its meeting dated 14th September 2016 and further approved by NRB on ..... for publishing for the purpose of presenting before the Shareholders' Annual General Meeting.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation and presentation of these financial statements are stated herein below. The said policies have been consistently applied throughout the period of presentation, unless otherwise stated.

## 4. PRINCIPAL ACTIVITIES

The Bank is engaged in the business of commercial banking and other financial services including trade finance, remittance and other activities as permitted for the commercial banks under the Bank and Financial Institutions Act 2063 ("BAFIA"). These activities are being performed since the beginning in compliance with the statutory requirements as well as the directives issued by Nepal Rastra Bank.

## 5. STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with Nepal Accounting Standards ("NAS") issued by the Nepal Accounting Standard Board except otherwise stated, Generally Accepted Accounting Principles ("GAAP"), Bank and Financial Institutions Act 2063 ("BAFIA") and other requirement of NRB Directives and in compliance with the Companies Act, 2063.

## 6. BASIS OF PREPARATION

The financial statements are presented in Nepalese Rupees (NPR), rounded off to the nearest rupee. Financial Statements are prepared on the historical cost convention. The preparation of financial statements in compliance with Local GAAP and prevailing banking practice and has not been prepared as per NFRS. It also requires management to exercise

judgment and discretion in the process of applying the bank's accounting policies. The Bank follows accrual system of accounting for the preparation of financial statements unless otherwise stated. All the formats of the financial statements are prepared and presented in accordance with the NRB Directives.

## 7. INTEREST INCOME RECOGNITION

Interest income on loans and advances is recognized on cash basis as per the Nepal Rastra Bank Directives which is not in accordance with NAS 7 (Revenue Recognition) which prescribes that the revenue should be recognized on accrual basis. Interest income on loans and advances accrued and realized in cash within 15 days of the end of fiscal year which is otherwise permitted by NRB for recognizing in the same financial year has not been recognized.

Interest income accrued on long-term project loans during the construction period as per initial approved terms of the credit and as per the approval of Nepal Rastra Bank, have been recognized by capitalizing into the principal loan amount.

Interest income on Investments and placements are accounted for on accrual basis.

## 8. COMMISSION & FEE INCOME

All the commission incomes are accounted for on cash basis. However, commission receivable on Letter of credit and guarantees exceeding NPR 50,000 with a maturity exceeding one year from the date of transactions is accounted for on accrual basis and prorated over the tenure of transactions.

## 9. DIVIDEND INCOME

Dividend income on investment in equity shares of other companies is recognized when the right to receive dividend is established.

## 10. FOREIGN EXCHANGE INCOME

Foreign currency assets and liabilities are translated into NPR at the mid rate between buying and selling rates of the Bank on the Balance Sheet date.

Income realized from the differences between buying and selling rates of foreign exchange and income from trading of gold is accounted for on a daily basis and shown as "Trading Gain".

Gains/Losses arising due to fluctuation in exchange rates of different foreign currencies is accounted for on a daily basis and shown as "Revaluation Gain/(Loss)". As required by the directives of Nepal Rastra Bank, 25% of such revaluation gain during the accounting year is transferred to "Exchange Fluctuation Reserve" through Profit and Loss Appropriation Account.

## 11. INTEREST COST

Interest expenses on deposit liabilities and borrowings from other banks/ financial institutions are accounted for on accrual basis.

## 12. LOANS & ADVANCE INCLUDING BILLS PURCHASE

Loans & advances and Bills purchased includes overdrafts, term loans, working capital loans, consumer loans, loans disbursed as deprived sector lending and other loans extended to the customers as per the Bank's policy. All credit exposures are subject to regular review and are graded according to the level of credit risk and are classified as per NRB Directives. Loans and advances, overdrafts and bills purchased are shown net of provisions.

## 13. STAFF LOANS & ADVANCES

Loans and advances extended to staff in accordance with the Staff Rules of the Bank are shown under the Other Assets.

## 14. LOAN LOSS PROVISION

Provision for possible loan losses has been provided to cover the risks inherent in the Bank's loan portfolio. Provision for possible losses on loans, advances and bills purchased are made ranging from 1% to 100% in accordance with the classification of such risk assets as per the directives issued by Nepal Rastra Bank and also the Bank's own risk assessment.

## 15. LOAN WRITE OFF & RECOVERY

The Bank has the policy to write off the bad loans in accordance with its "Loan write off by laws" prepared as per the directive of and under the approval of Nepal Rastra Bank. Loan write off expenses and recoveries made from such written off loans in the subsequent period are recognized into income/(loss) as "Profit/(loss) from extraordinary activities" and exhibited in Schedule 4.28 of the financial statement.

Interest Suspense of the written off loan is removed from the book and separately recorded for future reference/recovery.

## 16. INVESTMENTS

The investments held by the bank comprise of the following categories and are presented in Schedule 4.12 of the financial statement.

### 16.1. Held for Trading:

These are the marketable investment with the primary intention of resale over a short period of the time. These investments are initially measured at cost and subsequently recognized at the market value. Gains or losses arising from trading/revaluation are recognized in Profit & Loss Account (Income Statement).

### 16.2. Held to Maturity:

These investments are primarily intended to hold until the maturity and are stated at cost and carried at these values in the Balance Sheet until the maturity. Any impairment losses arising in such investments are provisioned and

charged to the Profit and Loss Account (Income Statement). Premiums paid/ discount received while acquiring HTM Investments is recognized as the part of initial cost and subsequently adjusted with the interest income on effective interest basis until the maturity.

### 16.3. Available for Sale

These are the investments held with the primary intention to recover value of investments through sale rather than continuing to hold. These investments are initially measured at cost and subsequently recognized at market value. Any gains or losses arising till the investments are held are recognized on Investment Adjustment Reserve. Any gains or losses are recognized in Profit and Loss accounts only at the time of disposal of such investments. While assessing the market value, consideration is given to the transaction activities in the stock exchange and conservative approach is adopted in order to avoid overstatement of the equity position. Accordingly, those investments which are not actively traded at the stock market are carried at cost and amount equivalent to at least 2% of such investments are earmarked on Investment Adjustment Reserve from the retained earnings in line with the requirement of NRB.

## 17. FIXED ASSETS

Fixed Assets are tangible items that are held for use in the production or supply of services, for rental to others, or for administrative purposes and are expected to use during more than one financial year.

Cost of an item of fixed assets is recognized as an asset, if and only if, it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. The cost of an item of fixed assets comprises of purchase prices including taxes, custom duties and any costs that is directly attributable to bring the asset to the location and condition



that is necessary for it to be capable or operating in the manner intended by the management. Costs incurred for dismantling / removal and for restoration of site are recognized as a part of the new item of the fixed assets. Cost of an item of an asset includes cost of an asset under construction and work-in-progress.

Any subsequent cost incurred for the fixed assets is recognized as an asset if it meets the recognition criteria. The cost that does not qualify as an asset is charged off in the Income Statement as repair and maintenance.

The carrying amount of an asset is de-recognized at the time of disposal or when no future economic benefits are expected to flow from its use or disposal. The gain or loss arising from de-recognition of an item of fixed assets is included in profit or loss when the item is de-recognized.

The carrying amount of the fixed assets is the amount at which an asset is recognized after deducting any accumulated depreciation and accumulated impairment losses.

Non-consumable items having life more than one year and/or costing less than NRs. 5,000 are expensed off during the year of purchase.

The Bank consistently adopts cost model for entire class of its fixed assets.

#### 18. DEPRECIATION ON FIXED ASSETS

Depreciation is the systematic allocation of depreciable amount of an asset over its useful life.

Each part of an item of fixed assets of the Bank which is identifiable separately is depreciated separately. The depreciation charge for each period is recognized in profit or loss unless it is included in the carrying amount of another asset.

Depreciation of an asset begins when

it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management. For simplicity, depreciation is charged from the next month it is made available for use. Depreciation of an asset ceases when it is de-recognized at the time of its disposal.

Depreciation on following assets is charged to Profit and Loss Account on Diminishing Balance method at the rate estimated which are determined on the basis of the estimated useful life.

ASSETS	RATE
Furniture & Fixture	15%
Computer & Accessories	20%
Office Equipments	15%
Vehicles	15%

Leasehold assets (improvements) are amortized over the period of lease using Straight Line Method.

Cost of software licenses and are amortized over a period of useful life of the software, estimated as 5 years from the date of acquisition.

#### 19. STATIONARY STOCK

Stationery stocks are inventories in the form of materials or supplies held by the bank to be consumed while rendering the services. The bank does not hold any item of the inventory that is in the state which is not readily usable (i.e. raw material or semi-finished) for rendering the services or that for the selling purposes.

The stationeries are written down on an item by item basis, when the inventories are damaged or have become wholly or partially obsolete that affects the effective use while rendering services.

Stationeries are recorded at actual cost basis and charged to revenue at the time of its consumption.

#### 20. NON BANKING ASSETS (NBA)

Non-Banking assets are the assets obtained as a security for loans and advances that are subsequently taken over by the Bank in the course of loan recovery. Non-Banking Assets are valued at lower of total receivable against the loan amount principal and interest) or fair market value of the assets acquired. Provisions for NBA are made in full in accordance with the NRB Directives.

#### 21. PROVIDENT FUND & GRATUITY

The bank has retirement benefit namely provident fund and gratuity. Provision for gratuity has been determined as per the staff service rules of the bank taking into consideration the proportion of service period completed by each eligible employee. Similarly, periodic contribution to the provided fund has been expensed off. Provided fund amount is being deposited with an approved retirement fund entity on monthly basis. Accumulated gratuity is accounted and exhibited under Schedule 4.7 (Other Liabilities).

#### 22. STAFF LEAVE ENCASHMENT

Bank has the policy to book leave encashment expenses on accrual basis. Staff Leave encashment liability covers accumulated leave of all the eligible staffs.

#### 23. STAFF BONUS

As required under Bonus Act, 2030, Staff Bonus has been provided at 10% of net profit before tax (but after bonus).

#### 24. INCOME TAXES

Provision for taxation has been made on the basis of the Income Tax Act 2058 and amendments there on.

#### 25. BASIS OF INTEREST COMPUTATION

Interest Expenses on deposits/ borrowings and interest income on loan/ investment in local currency are

computed on the basis of 365 days in a year. Interest on foreign currency investment is computed on the basis of 365 days a year for GBP and 360 days for the USD, EUR & JPY.

## 26. DEFERRED TAXES

Deferred taxes are accounted using the asset and liability method as per Accounting Standard-9 (NAS-9), "Accounting for Income Taxes". Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities, and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on the laws that have been enacted or subsequently enacted by the reporting date.

## 27. CONSOLIDATION OF ACCOUNTS OF ACQUIRED ENTITY

The financial statement of Narayani National Finance Limited (NNFL) has been prepared & audited separately till 29th Ashad 2073. The Assets and liabilities of then NNFL, as appearing in its audited balance sheet, have been

consolidated at the book value into the books of Bank as on the date of acquisition. Profit & Loss Account of that entity has been prepared separately as of the date and the balance after appropriating for staff bonus and tax, has been transferred to retained earnings.

Fixed Assets of acquired institution accounted for at book value; i.e. net of depreciation.

A brief financial statement (B/S and P/L Account) of the NNFL of as of 29th Ashad 2073 (13th July 2016) is provided in Schedule 4.33.

The shareholders of then NNFL have been issued fully paid up shares of bank calculated as per the purchase price at NPR 77/share. The surplus arising on account of the application of the above agreement (NPR 184 Million) has been routed through Capital Reserve Account.

## 28. PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS

The bank creates a provision when there is a present obligation arising as a result of past events that probably requires an outflow of resources and a reliable estimate can be made of the asset and amount of obligation. A disclosure for a contingent liability is made when there

is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the related income are recognized in the period in which the change occurs.

## 29. PREVIOUS YEAR FIGURES

Previous period's figures are re-grouped or re-arranged wherever necessary to facilitate comparison with current year's figures.

Previous year figures represent the Sunrise Bank only i.e. previous year figures of NNFL, the acquired institution has not been adjusted.

The current Assets/Liabilities figures are adjusted with the balances transferred from NNFL on acquisition.

For Cash Flow current Year figure includes the balances transferred from NNFL on 29-03-2073 which has been considered for calculation of increase/decrease in the respective activities.

# NOTES TO ACCOUNT

Schedule 4.33

## 1. EQUITY CAPITAL POSITION

The capital of the bank as of the close of FY 2072-73 (2015-16) stood at NPR 3,976 million. Nepal Rastra Bank have issued a policy requiring the "A" class commercial banks to enhance their paid up capital base to a minimum of NPR 8,000 million by the end of FY 2073-74 (2016-17) and also has directed the banks to submit capital enhancement plan by 17th September 2015. The bank has already submitted the Capital Plan with a commitment to increase the remaining 4,024 million of paid up capital from distribution of stock dividend, issuance of right shares as well as acquisition of other entities where becomes necessary.

## 2. HISTORY OF PAID UP CAPITAL

Since the inception of the Bank, paid up capital of the bank has increased from NPR 700 million to NPR 3,976 million (39,760,464 Shares of Rs 100 each). The history of the enhancement in share capital is as below:

FINANCIAL YEAR	PAID UP CAPITAL (NPR)	CHANGE (NPR)	REASON
2064/65 (2007-08)	700,000,000		Initial Promoter Investment.
2065/66 (2008-09)	1,337,500,000	637,500,000	Increased Promoter Holding by NPR 175 million & Initial Public Offering of NPR 375 million. NPR 87.50 million remained as Calls in Advance for Right Issue.
2066/67 (2009-10)	1,510,350,000	172,850,000	Right Issue of 30%. NPR 260.35 million remained in call in advance.
2067/68 (2010-11)	2,015,000,000	504,650,000	Additional Right Issue of 24%. All the Calls in Advance settled.
2068/69 (2011-12)	2,015,000,000	-	No Change
2069/70 (2012-13)	2,236,650,000	221,650,000	11% Bonus Share Issue.
2070/71 (2013-14)	2,236,650,000	-	No Change
2071/72 (2014-15)	2,972,655,725	736,005,725	10% Right Share Issued and 166,270 Shares remained Unsubscribed. 21.50% Bonus Share distributed.
2072/73 (2015-16)	5,301,395,141	2,328,739,416	Explained in details below.

The details of increased capital in the FY :2072/73 have been illustrated below

PARTICULARS	AMOUNT (NPR)
Capital as of 01-04-2072	2,972,655,725
Add: Auction of Shares of Previously issued 10% Right Shares	16,627,000
Add: Additional 15% right Shares	369,043,800
Add: From Acquisition of NNFL	617,719,641
Add: Adjustment of NPR 175	175
Add: Proposed Bonus Share (3:1)	1,325,348,800
Capital as of 31-03-2073	5,301,395,141

## 3. STATUTORY GENERAL RESERVE

A sum of NPR 190,275,696 (PY 94,171,412) being 20% of the Profit after Tax has been appropriated to Statutory General Reserve as required under Section 44 of the Banks and Financial Institution Act, 2063 ("BAFIA"). General reserve of NPR 289,224,348 in the books of NNFL as on the date of acquisition, have been added

in the books of Bank. After the transfer & acquisition the Statutory General Reserve of the bank as at the end of the year stood as NPR 774,260,314.

## 4. CAPITAL RESERVE

The capital reserve & share premium includes amount arising out of issuance of unsubscribed shares issued at premium in the earlier year includes the arised due to difference in the swap ratio during the acquisition of the NNFL. All the amount of the Capital Reserve & Share Premium is transferred to Profit & Loss Account for the issuance of bonus shares. The change arises due to

PARTICULARS	AMOUNT (NPR)
Opening Balance as on 1-4-2072	32,407,723
Add: Premium on Auction issue of 10% right shares	55,608,797
Add: Premium on Auction issue of 15% right shares	101,018,019
Add: Share Swap Ratio Adjustment	184,513,659
Less: Transfer for issuance of Bonus shares	373,548,198
<b>CLOSING FIGURE</b>	<b>-</b>

following issues:

## 5. INVESTMENT ADJUSTMENT RESERVE

In accordance to NRB Directives and Capital Adequacy Framework, Bank has separated Investment Adjustment Reserve equal to 2% of its investments available for sale except the exempted investments. Along with it bank has to create the 100% reserve against the investments in stock which are not listed in stock exchange even after one year from the date of investment. The list of investment reserve created is as follows:

PARTICULARS	COST PRICE	%	RESERVE
Nepal Electronic Payment System	15,000,000	100%	15,000,000
Subarna Pharmaceuticals Limited	500,000	100%	500,000
Nepal Stock Exchange	5,000	100%	5,000
Siddhartha Equity Mutual Fund	23,590,970	2%	471,819
Gurans Life Insurance	19,858,400	2%	397,168
Global IME Samunati Fund	142,719,280	2%	854,386
Hydro Investment Development Company Limited	15,930,000	2%	318,600
Sagarmatha Insurance Limited	4,386,000	2%	87,720
Lumbini Insurance Limited	2,408,767	2%	48,175
NIBL Sambriddi Fund	1,738,900	2%	34,778
Suva Bihani Microfinance	1,575,000	2%	31,500
NMB Sulav Investment	1,400,005	2%	28,000
Nabil Balance Fund	686,210	2%	13,724
Prabhu Insurance Co Limited	235,975	2%	4,719
Nepal Insurance Limited	88,518	2%	1,770
NLG Insurance Limited	58,932	2%	1,179
Rural Microfinance Limited	1,642	2%	33
Nepal Clearing House Limited	2,851,500	0%	-
National Banking Institute (Previously NBTI)	1,200,000	0%	-
CICL	202,500	0%	-
Gorakhali Tyres Pvt Ltd	106,234	0%	-
<b>TOTAL INVESTMENTS</b>	<b>134,543,834</b>		<b>17,798,572</b>

Bank hasn't provided for Investment Adjustment Reserve on the following exempted investments, although being categorized as "Available for Sale" being exempted by the NRB.

- Nepal Clearing House Limited (NCHL)
- ↳ NPR 2.85Million
- National Banking Institute (NBI)
- ↳ NPR 1.20 Million
- CICL
- ↳ NPR 0.20 Million.

100% Provision against the investment of Gorakhali Tyres have been made. So no Adjustment Reserve for the same is created.

#### 6. EXCHANGE FLUCTUATION FUND

A sum of NPR 4,607,345 (Previous Year - 2,582,643) being 25% of the exchange fluctuation gain earned during the year other than Indian currency has been appropriated to Exchange Fluctuation Fund as required under Section 45 of the Banks and Financial Institution Act, 2063 ("BAFIA"). After the transfer, the balance in the fund stood at NPR 21,181,584.

#### 7. OTHER FREE RESERVES

Other Free Reserves includes the fund transferred from Deferred Tax Reserve on FY 2071-72 and the reserve added from the acquisition.

#### 8. ACCUMULATED PROFIT & LOSS ACCOUNT

Net Profit retained after appropriation to all other reserves as per the regulatory requirements. Such profit is free for distribution. The reserve stood as below as on the balance sheet date:

PARTICULARS	AMOUNT (NPR)
Accumulated Profit & Loss	
Account at beginning of year	3,284,735
Profit Earned During Ther Year	951,378,476
Adjustment of the Share Capital	(175)
Profit of the Acquired Entity	208,817,892
Transferred from Capital	
Reserves & Share Premium	373,548,198
<b>TOTAL PROFIT AVAILABLE FOR APPROPRIATION</b>	<b>1,537,029,126</b>
Less: Appropriations	
Transferred to General Reserve	190,275,696
Transferred to Exchange Fluctuation Fund	4,607,345
Transferred to Investment Adjustment Reserve	800,695
Proposed Bonus Shares	1,325,348,800
<b>TOTAL APPROPRIATION</b>	<b>1,521,032,536</b>
<b>ACCUMULATED PROFIT &amp; LOSS</b>	<b>15,996,590</b>

## 9. CHANGE IN DEPOSITS

The detail of changes in deposits are as follows:

TYPE OF DEPOSIT	CURRENT YEAR	PREVIOUS YEAR	CHANGE	
	(NPR)	(NPR)	AMOUNT	PERCENTAGE
Local Currency Deposits	50,390,840,876	32,641,339,236	17,749,501,640	54%
- Non-Interest Bearing	2,408,775,919	1,521,480,680	887,295,239	58%
- Interest Bearing	47,982,064,957	31,119,858,556	16,862,206,401	54%
Foreign Currency Deposits	1,259,603,188	845,329,823	414,273,365	49%
- Non-Interest Bearing	123,509,919	64,862,827	58,647,092	90%
- Interest Bearing	1,136,093,269	780,466,996	355,626,273	46%
<b>TOTAL DEPOSITS</b>	<b>51,650,444,064</b>	<b>33,486,669,059</b>	<b>18,163,775,005</b>	<b>54%</b>

\* Includes transfer from the acquired institution (NNFL).

## 10. INCOME TAX LIABILITIES

Provision for the taxation has been made on the basis of Income Tax Act, 2058 and amendments thereto. Any difference in the actual tax liability determined during the course of Income Tax Assessment will be adjusted in the year of assessment. A sum of NPR 420,996,624 have been set aside this year (PY 189,045,449 ) for the purpose. the figure is for the Sunrise Bank only.

## 11. GRATUITY FUND

Bank has been provisioning the gratuity liability at the end of every fiscal year for the eligible staffs as per the Staff Service Rules. Changes in the fund during the year have been as follows:

PARTICULARS	AMOUNT (NPR)
Gratuity Fund as on beginning of year	18,507,099
Addition during the year	8,244,248
Less: Paid to the staffs/Reversed	461,706
Gratuity Fund as on end of year	26,289,642

The gratuity fund of NPR 11 Million accumulated up to 29th Ashad 2073 of NNFL have been deposited in Citizen Investment Trust. The same have been netted off and shown in the balance sheet.

## 12. LEAVE ENCASHMENT FUND

Bank has accumulated balance of NPR 41,783,348 towards liability for leave encashment of the eligible staffs. A sum of NPR 18,290,157 has been added during the year. Apart from this leave fund of NPR 3.85 million transferred from the NNFL, acquired institution.

## 13. UNCLAIMED DIVIDEND

The bank has NPR 40,761,226 (including 16,777,695 of NNFL) is unclaimed dividend as of Balance Sheet date. The year wise break up of the dividend is as follows:

FINANCIAL YEAR	SRBL	NNFL
053/054	-	570
054/055	-	475
055/056	-	4,293
056/057	-	8,759
057/058	-	5,565
058/059	-	7,429
059/060	-	339
060/061	-	501
061/062	-	1,241
062/063	-	1,887
063/064	-	13,504
064/065	-	177,622
065/066	-	633,685
066/67	8,933,993	593,140
068/69	6,602,930	4,069,674
069/70	8,446,607	4,075,860
070/71	-	7,182,229
<b>TOTAL</b>	<b>23,983,530</b>	<b>16,776,773</b>

## 14. OTHER LIABILITIES

Those liabilities which are not shown separately under the individual headings of Schedule 4.7 have been classified under this head. NPR 319,978,937 stands under this head as on 31st Ashad 2073.

The bank also holds the TDS on behalf of other parties which was subsequently paid in the month of Shrawan 2073. It also includes the amount placed by the NEPS members bank as the shareholder fund for the advance of VISA cards issued by them is placed with the bank which amounts to NPR 61,446,700 which is deposit for guarantying settlement against use of VISA. Sunrise bank is acting as the settlement bank for these member institutions of the NEPS (Nepal Electronics Payment Systems).

## 15. CONTINGENT INCOME TAX

Till the balance sheet date, the bank's corporate tax liability up to income year 2065-66 has been cleared by the tax authority. During the year, tax of 2065-66 was cleared through Tax Settlement Commission. Further, reassessment from LTPO has been completed for up to income year 2067-68. However, the bank has contested against the upward revision in tax liability as issued by LTPO in their reassessment order. Total contested amount of NPR 15.37million that include additional tax, interest surcharges and penalty, in respect of these three income years has been recognized as Contingent Liability and presented in Schedule 4.17 of Financial Statements.

## 16. INVESTMENTS

### a. Held for Trading

As of balance sheet date the Bank has no investment primarily held for trading purpose.

### b. Held Till Maturity

The details of the investment held for maturity has been as follows:

INVESTMENT	COST PRICE (NPR)	IMPAIRMENT	NET INVESTMENT	
			CURRENT YEAR (NPR)	PREVIOUS YEAR (NPR)
Treasury Bills	680,928,998	-	680,928,998	1,405,272,550
-91 Days	-	-	-	299,782,700
-182 Days	198,695,650	-	198,695,650	876,361,260
-362/364 Days	482,233,348	-	482,233,348	229,128,590
NRB Deposit Collection	-	-	-	2,700,000,000
NRB Bonds	1,630,350,000	-	1,630,350,000	-
Development Bond	3,114,625,000	-	3,114,625,000	1,285,600,000
Reverse Repo	-	-	-	180,725,000
Placements	2,612,082,722	-	2,612,082,722	1,649,638,135
<b>TOTAL</b>	<b>8,037,986,720</b>	<b>-</b>	<b>8,037,986,720</b>	<b>8,626,508,235</b>

### c. Available for Sale

The investments details have been listed in Schedule 12(A) of the Financials.

## 17. LOANS & ADVANCES

The total Loans and Advances stood at NPR43,749 million as on balance sheet date.

Out of total loans and advances, 1.22% of the loan has been classified as non-performing loans. The required provisioning has been done as per the classification of NRB directives.

## 18. LEASE HOLD ASSETS

The details of movement of the leasehold assets of the bank are as under.

PARTICULARS	AMOUNT (NPR)
Opening Balance	96,422,484
Additions During the year	15,861,723
Amortized during the year	19,013,885
Carried from NNFL	5,075,699
<b>NET LEASEHOLD ASSETS</b>	<b>96,422,484</b>

## 19. NON BANKING ASSETS (NBA)

The detail flow of NBA during the year has been states as below:

PARTICULARS	AMOUNT (NPR)
Opening Balance	104,765,597
Dispose during the Year	89,638,851
Additions during the Year	85,381,163
Addition from the NNFL	3,399,739
Closing NBA Balance	103,907,648

Bank has earned the profit of NPR 927,117 from the disposal of NBA and has been presented in Schedule 4.26 of Financial Statements.

## 20. STATIONARY STOCK

The details of inventories of the bank presented in Schedule 4.16 (Other Assets) have been as follows:

PARTICULARS	CURRENT YEAR (NPR)	PREVIOUS YEAR (NPR)
Printing & Stationary		
Stock	23,908,588	9,866,977
ATM Card Stock	363,626	161,784
Balbachat Gift Stocks	9,984	9,984
Stationary Stock	24,282,198	10,038,745

## 21. INTEREST RECEIVABLE ON LOANS

As at balance sheet date, the Bank's accrued interest receivable on loan stood at NPR 399,007,243 as presented in the financial statements under Schedule 4.16 (Other Assets). These comprise of interest on loans, advances and bills purchased that have accrued but not yet realized in cash as at balance sheet date. The portion of interest that has not yet fallen due stood at NPR 57,931,934 while those that are under overdue status stood at NPR 341,075,309. These interests are suspended for recognition.



## 22. INCOME RECEIVABLE ON INVESTMENTS

The detail of income receivable on investment as presented in financial statements under Schedule 4.16 has been as follows:

PARTICULARS	CURRENT YEAR (NPR)	PREVIOUS YEAR (NPR)	GROWTH
On Treasury Bills & Deposit Collection	1,752,219	2,376,941	-26%
On Development Bonds	27,210,619	5,652,486	381%
On Reverse Repo	-	1	-100%
On NSB Bonds	258,501	720,000	-64%
On NRB Receivables	415,350		
On Placements	6,085,946	464,241	1211%
<b>TOTAL ACCRUED INTEREST</b>	<b>35,722,635</b>	<b>9,213,669</b>	<b>288%</b>

## 23. STAFF LOANS & ADVANCES

Staffs are eligible for the different loans and advance facilities as per the Staff Service Rule. The facilities include home loan, vehicle loan, contingency loan and regular advances. Such advances are settled within the time limit framed by the financial rules of the Bank. The detail of staff loans presented in financial statements under Schedule 4.16 "Other Assets" has been as follows:

PARTICULARS	CURRENT YEAR (NPR)	PREVIOUS YEAR (NPR)
Staff Home Loan Facilities	159,835,444	106,903,812
Staff Vehicle Loan	17,555,858	16,388,008
Staff Contingency Loan	42,777,154	34,414,381
Staff Advance	15,425,362	9,510,506
<b>TOTAL STAFF LOANS &amp; ADVANCES</b>	<b>235,593,817</b>	<b>167,216,707</b>

## 24. PREPAYMENTS

The details of prepayments which has been presented in Schedule 4.16 "Other Assets" has been as follows:

PARTICULARS	CURRENT YEAR (NPR)	PREVIOUS YEAR (NPR)
Insurance Premium Pre Paid	3,256,613	2,892,797
Rent paid on Advance	3,426,339	3,817,251
Fees paid on Advance	926,671	830,827
Others Prepaid (AMC of ATM, NEPS, Software etc)	7,465,364	7,004,365
<b>TOTAL PREPAYMENTS</b>	<b>15,074,987</b>	<b>14,545,240</b>

## 25. EXPENSES TO BE WRITTEN OFF

This includes the un-amortized amount of software. The detail of the same presented in Schedule 4.16 has been as follows:

PARTICULARS	CURRENT YEAR (NPR)	PREVIOUS YEAR (NPR)
Core Banking Software	496,382	7,395,774
Other Software	5,396,447	6,452,970
<b>TOTAL</b>	<b>5,892,829</b>	<b>13,848,744</b>

## 26. BRANCH RECONCILIATION

NPR 155,081 remained as the unreconciled balance as on 31st Ashad 2073.

## 27. DEFERRED TAX ASSETS

With reference to Nepal Accounting Standard-9 "Accounting for Income Taxes", amount of NPR 17,190,231 has been created as Deferred Tax Assets as on Balance Sheet date. The vehicles purchased under Own Your Vehicle Scheme haven't been considered as the taxable assets and the depreciation of the said assets is considered as permanent difference. Accordingly, the depreciation on the said assets hasn't

affected the Deferred Tax Calculation. Details of Deferred Tax assets is as follows:

PARTICULARS	TAX BASE	LEDGER BASE	DIFFERENCE	DTA/DTL
	(NPR)	(NPR)	(NPR)	
Provision for Gratuity	-	26,289,642	26,289,642	DTA
Provision for Leave Encashment	-	37,924,190	37,924,190	DTA
Fixed Assets(except Leasehold)	161,508,094	172,224,119	(10,716,025)	DTL
Total Variance			53,497,807	
<b>DEFERRED TAX ASSETS OF SRBL</b>			<b>16,049,342</b>	
Transfer from NNFL			1,140,889	
<b>TOTAL DEFERRED TAX ASSETS</b>			<b>17,190,231</b>	

\* DTL refers to Deferred Tax Liabilities & DTA refers to Deferred Tax Assets

### 28. ADVANCE INCOME TAX

As per the requirement of Section 94 Income Tax Act, 2058, bank has paid its tax liability in installments as advance. The advance tax has been netted off with the actual liability provided for the current year. The details are:

PARTICULARS	AMOUNT (NPR)
Balance of Advance Tax Carried forward from previous year	84,357,745
Add: TDS Deducted in the commission income of the Bank	85,626
Add: Payments for Previous year	1,067,382
Add: From NNFL Adjusted Tax	14,255,631
Add: Installment paid during the year	350,000,000
<b>TOTAL AVAILABLE ADVANCE TAX</b>	<b>449,766,384</b>
Less: Adjustments during the year	
- Tax Liability of Current Year	420,824,512
- Tax Liability of Previous Year	1,167,382
<b>TOTAL ADJUSTMENTS</b>	<b>421,991,894</b>
<b>NET VALUE OF ADVANCE TAX ASSETS</b>	<b>27,774,490</b>

### 29. INTEREST INCOME ON LOAN & ADVANCES

Interest capitalization on long term loans during the year amounts to NPR 24,978,580 which as per the NRB directives has been recognized as per the approval by NRB.

### 30. INTEREST SPREAD

NRB directives requires the bank to maintain the interest spread between interest collected on loan and investment and interest expenses deposits/borrowings at 5%. The average spread maintained by the bank is as follows.

PARTICULARS	CURRENT YEAR %	PREVIOUS YEAR %
Average Yield on Loans & Advances & Investments	8.67%	9.14%
Average Cost of Deposits	4.25%	4.54%
<b>NET INTEREST SPREAD</b>	<b>4.42%</b>	<b>4.60%</b>

### 31. INCOME FROM NON DELEVERABLE FORWARD (NDF)

The bank has recognized premium on NDF transaction as foreign exchange income. During the current fiscal year bank has net earning against the NDF proprietary transactions amounting NPR 47.36 million. The exposure is within the threshold ceiling prescribed by Nepal Rastra Bank.

### 32. DIVIDEND

The Board of Directors has recommended a stock dividend (bonus shares) of 3:1 (one share for every three shares held), on the expanded share capital of Rs. 3,976,046,341 which includes those issued to Narayani National Finance Ltd. on acquisition, by using the retained earnings and capital reserves available for the purpose, including those transferred from the erstwhile Narayani National Finance Ltd. A total sum of Rs. 1,325,348,800 will be utilized for the purpose.

The proposed stock dividend has been exhibited under the Paid Up Share Capital as per the directives (presentational requirement) of Nepal Rastra Bank.

Under Section 47A of Income Tax Act, the dividend tax is exempt up to two years for the financial institutions subsequent to their merger/acquisition. Accordingly, no provision for dividend tax has been provided. Dividend tax is applicable in case of the shareholders who have purchased shares subsequent to the date of merger/acquisition. Arrangement will be made to collect applicable Tax from such ineligible shareholders at the time of issuance of bonus shares.

### 33. TRANSACTION WITH RELATED PARTIES

Bank has invested NPR 19.86 million in the shares of Gurans Life Insurance Ltd (208,334 shares of NPR 100 each which includes 9,750 bonus shares received in FY 2069/70). Bank hasn't earned income from such investments and hasn't invested any additional investment during the year.

Bank has outstanding sanctioned total limit of NPR 850 Million (funded and non-funded facilities) approved to M/S Salt Trading Corporation. The company was the promoter of the acquired NNFL, and hence has become the promoter of the bank by default. The facilities will be addressed upon the maturity as per the terms there off.

### 34. ADDITION FROM THE ACQUISITION

The Balance Sheet and Profit & Loss Account of the Narayani National Finance on Acquisition date (29-03-2073) is as follows:

#### Balance Sheet of Narayani National Finance As of 29-03-2073

CAPITAL & LIABILITY	BALANCE
1. Share Capital	802,233,300
2. Reserves and Funds	528,626,706
3. Debentures & Bonds	-
4. Borrowings	-
5. Deposit Liabilities	7,252,913,960
6. Bills Payable	-
7. Proposed Dividend	-
8. Income Tax Liabilities (Net)	-
9. Other Liabilities	84,848,655
<b>TOTAL CAPITAL &amp; LIABILITIES</b>	<b>8,668,622,621</b>

ASSETS	BALANCE
1. Cash Balance	160,924,609
2. Balance with Nepal Rastra Bank	289,781,092
3. Balance with Banks/Financial Institutions	589,795,756
4. Money at Call and Short Notice	396,942,080
5. Investments	318,332,337
6. Loans, Advances & Bills Purchased (Net)	6,754,563,024
7. Fixed Assets (Net)	112,082,686
8. Non-Banking Assets (Net)	-
9. Other Assets	46,201,037
<b>TOTAL ASSETS</b>	<b>8,668,622,621</b>

\* Reserve includes Investment Reserve of NPR 27.84 Million arised due to Mark to Market of Investment available for sale, which have been removed while preparing Financials of 31-03-2073.

#### Balance Sheet of Narayani National Finance As of 29-03-2073

PARTICULARS	BALANCE
1. Interest Income	857,625,329
2. Interest Expenses	439,903,016
<b>NET INTEREST INCOME</b>	<b>417,722,312</b>
3. Commission & Discount	2,993,756
4. Other Operating Incomes	43,516,518
5. Exchange Fluctuation Income	-
<b>TOTAL OPERATING INCOME</b>	<b>464,232,586</b>
6. Staff Expenses	59,048,992
7. Other Operating Expenses	53,105,981
8. Exchange Fluctuation Loss	-
<b>OPERATING PROFIT BEFORE PROVISION FOR POSSIBLE LOSS</b>	<b>352,077,613</b>
9. Provision for Possible Losses	45,634,928
<b>OPERATING PROFIT</b>	<b>306,442,686</b>
10. Non - Operating Income/Expenses	92,950,130
11. Loan Loss Provision Written Back	29,786,884
<b>PROFIT FROM REGULAR ACTIVITIES</b>	<b>429,179,700</b>
12. Income/Expense from Extra-Ordinary Activities	(18,721,615)
<b>PROFIT FROM ALL ACTIVITIES</b>	<b>410,458,084</b>
13. Provision for Staff Bonus	37,314,371
14. Provision for Tax Expense	114,928,260
Current Years	111,590,705
Previous Years	3,075,862
Deferred Tax	261,693
<b>NET PROFIT/(LOSS)</b>	<b>258,215,453</b>

### 35. STATEMENT OF LIQUIDITY RISK ANALYSIS

The classification of the assets and liability for the purpose of Liquidity stands as:

Amount in Thousand

PARTICULARS	1-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	OVER 1 YEAR	TOTAL AMOUNT
<b>Assets</b>						
1. Cash Balance	1,167,578					1,167,578
2. Balance with Banks & FIs	5,414,268					5,414,268
3. Investment in Foreign Banks	-					-
4. Call Money						-
5. Government Securities	247,826	49,512	-	383,591	3,114,625	3,795,554
6. Nepal Rastra Bank Bonds	-			1,630,350		1,630,350
7. Inter Bank & FI Lending	1,694,482	917,601				2,612,083
8. Loans & Advances	16,902,687	5,553,804	4,307,466	3,632,671	13,352,500	43,749,128
9. Interest Receivable	434,730					434,730
10. Reverse Repo	-					-
11. Receivables from other Institutions under Commitment						-
12. Payment to be made for facilities under s.no 20,21 & 22	4,616,135	2,259,748	845,168	914,062	8,052,749	16,687,863
13. Others					1,452,354	1,452,354
<b>TOTAL ASSETS (A)</b>	<b>30,477,706</b>	<b>8,780,665</b>	<b>5,152,635</b>	<b>6,560,674</b>	<b>25,972,228</b>	<b>76,943,908</b>
<b>Liabilities</b>						
14. Current Deposits	1,677,682	-	-	-	854,610	2,532,292
15. Saving Deposits	8,052,894	-	-	-	15,221,981	23,274,875
16. Fixed Deposits	3,601,872	5,722,480	6,831,686	8,456,279	1,230,798	25,843,113
17. Debentures						-
18. Borrowings:	-	-	-	-	-	-
(a) Call/Short Notice	-					-
(b) Inter-bank/Financial Institutions	-					-
(c) Refinance	-					-
(d) Others	-					-
19. Other Liabilities and Provisions	2,031,166	8,916	52,533	35,023	333,460	2,461,099
(a) Sundry Creditors	21,734	-	-	-	-	21,734
(b) Bills Payable	19,516	-	-	-	-	19,516
(c) Interest Payable	104,477	-	-	-	-	104,477
(d) Provisions	460,878	8,916	52,533	35,023	333,460	890,810
(e) Others	1,424,561	-	-	-	-	1,424,561
20. Payable to other institutions under Commitment						-
21. Unutilized Approved Facilities	3,686,090	213,816	845,168	914,062	87,339	5,746,475
22. Letter of Credit/Guarantee (Net of Margin)	2,268,286	3,777,282	1,396,061	1,427,425	2,072,335	10,941,388
23. Repo						-
24. Payment to be made for facilities under S.No 11						-
25. Others					6,144,666	6,144,666
<b>TOTAL LIABILITIES (B)</b>	<b>21,317,989</b>	<b>9,722,493</b>	<b>9,125,449</b>	<b>10,832,788</b>	<b>25,945,189</b>	<b>76,943,908</b>
<b>NET FINANCIAL ASSETS (A-B)</b>	<b>9,159,717</b>	<b>(941,829)</b>	<b>(3,972,814)</b>	<b>(4,272,114)</b>	<b>27,039</b>	<b>-</b>
<b>CUMULATIVE NET FINANCIAL ASSETS</b>	<b>9,159,717</b>	<b>8,217,889</b>	<b>4,245,075</b>	<b>(27,039)</b>	<b>-</b>	<b>-</b>

# BASEL DISCLOSURES

## 36. CAPITAL STRUCTURE & CAPITAL ADEQUACY OF THE BANK

### i. Core Capital

The core capital of the bank with its detailed breakdown is detailed below:

PARTICULARS	AMOUNT (IN NPR 000)
a. Paid up capital	3,976,046
b. Share Premium/ Capital Reserve	-
c. Proposed Bonus Shares	1,325,349
d. Statutory General Reserve	774,260
e. Retained Earnings	15,997
f. Un-audited Current Year Cumulative Profit	-
g. Other Free Reserves	14,034
h. Less: Deferred Tax Assets	(17,190)
i. Less: Investment in Equity of Institutions with Financial Interests	(46,609)
<b>CORE (TIER-1) CAPITAL</b>	<b>6,041,887</b>

### ii. Supplementary Capital

The supplementary capital of the bank with its detailed breakdown is detailed below:

PARTICULARS	AMOUNT (IN NPR 000)
General Loan Loss Provision	460,878
Exchange Equalization Reserve	21,182
Investment Adjustment Reserve	17,799
<b>SUPPLEMENTARY (TIER-2) CAPITAL</b>	<b>499,859</b>

### iii. Details of Subordinated Term Debts

Bank doesn't have any subordinated term debts.

### iv. Deductions from Capital

- Deferred Tax Assets of NPR 17.19 Million.
- Investment made in Gurans Life Insurance Company Limited of NPR 19.86 million (i.e. related party).
- Investment in NEPS NPR 1 Million which is excess to the prescribed limit as per NRB Directives 8.
- Land purchased on Bharatpur, Nepal not brought to use NPR 25.75 Million.

### v. Total Qualifying Capital

The total capital of the bank stands as:

PARTICULARS	AMOUNT (IN NPR 000)
Core Capital	6,041,887
Supplementary Capital	499,859
<b>TOTAL CAPITAL</b>	<b>6,541,746</b>

#### vi. Capital Adequacy of the Bank

The capital adequacy of the bank has been detailed below:

PARTICULARS	PERCENTAGE
a. Core Capital Adequacy Ratio	11.13%
b. Supplementary Capital Adequacy Ratio	0.92%
<b>CAPITAL ADEQUACY RATIO</b>	<b>12.05%</b>

#### vii. Summary of the bank's internal approach to assess the adequacy of its capital to support current and future activities, if applicable:

Bank's current paid up capital amounts to NPR 3.97Billion, including 49% shares of general public. The Bank complies with the licensing condition of NRB which has also helped the Bank to have a steady and strong capital position. The bank has the plan of increasing the capital to NPR 8 billion by the end of Ashad 2074 to comply with NRB directives. The overall strategy of the bank has been formulated with the special consideration to the capital adequacy requirement according to BASEL- II & BASEL-III.

#### viii. Summary of the terms, conditions and main features of all capital instruments, especially in case of subordinated term debts including hybrid capital instruments.

Bank does not have any other capital instruments except fully paid equity shares as qualifying capital.

### 37. RISK EXPOSURES

#### a. Risk Weighted Exposures

All material risks faced by the bank have been addressed in the capital assessment process. However, bank has developed a process to estimate risks with reasonable certainties. All the three risks that have direct impact on the capital adequacy level have been managed in a structured manner with clear roles and responsibilities. In order to makes a comprehensive assessment of risks, the process has, at minimum, addressed the forms of risks covered below:

PARTICULARS	RISK (IN NPR 000)
a. Risk Weighted Exposure for Credit Risk	49,868,065
b. Risk Weighted Exposure for Operational Risk	2,198,900
c. Risk Weighted Exposure for Market Risk	174,330
<b>RWA BEFORE PILLAR 2 ADJUSTMENT</b>	<b>52,241,295</b>

All risks, including credit, operational and market risks are identified, escalated, monitored and mitigated to the satisfaction of the risk type owner. The risk type owner is responsible for ensuring that all the risks are adequately identified, escalated, monitored and mitigated. The Bank has an adequate system in place for monitoring and reporting risk exposures and assessing how the changing risk profile affects the need for capital. The senior management and board of directors on a regular basis receive the report regarding the risk profile of the bank and its capital needs. All the material risks are identified, measured, monitored and reported by the respective risk type owner.



### b. Credit Risk under 11 Categories

The Credit Risks under the 11 categories as per the Capital Adequacy Framework, 2007 (updated July 2008) and Basel - II has been detailed below:

RISK CLASSIFICATION	NET BOOK VALUE (IN NPR 000)	RISK (IN NPR 000)
a. Claims on Govt. and Central Bank	10,531,225	-
b. Claims on other Financial Entities	-	-
c. Claims on Banks	4,216,896	1,179,128
d. Claims on Corporate and Securities Firm	23,459,387	23,459,387
e. Claims on Regulatory Retail Portfolio	8,138,899	6,104,174
f. Claims secured by Residential Properties	5,504,646	3,312,462
g. Claims secured by Commercial Real State	2,509,100	2,509,100
h. Past due Claims	152,760	229,139
i. High Risk Claims	2,811,630	4,217,445
j. Other Assets	1,087,217	1,032,609
k. Off balance sheet items	19,452,429	7,824,621
<b>TOTAL</b>	<b>77,864,188</b>	<b>49,868,065</b>

### c. Total Risk Weighted Exposure Calculation Table

The detailed calculation of RWA is listed below:

PARTICULARS	RISK (IN NPR 000)
a. Risk Weighted Exposure for Credit Risk	49,868,065
b. Risk Weighted Exposure for Operational Risk	2,198,900
c. Risk Weighted Exposure for Market Risk	174,330
d. Adjustments under Pillar II	-
e. Add: 1% of the NII to RWA for ALM Policy and Practice.	11,063
f. 3% additional risk weight for Operational Risk	447,570
g. 3% adjustment on Total RWE	1,567,239
<b>TOTAL RISK WEIGHTED EXPOSURE</b>	<b>54,267,167</b>

### 38. DETAIL OF NON PERFORMING LOANS

During the year the non performing loans decreased by 1.68%. The detail of the loans has been classified below:

PARTICULARS	GROSS VALUE (IN NPR 000)	NET VALUE (IN NPR 000)
Restructured Loans	-	-
Sub-Standard Loans	35,665	26,749
Doubtful Loans	175,111	87,556
Loss Loans	323,069	-
<b>TOTAL NPA</b>	<b>533,846</b>	<b>114,304</b>

### 39. RATIO OF NON PERFORMING LOANS

PARTICULARS	PERCENTAGE
Gross NPA	1.22%
Net NPA	0.27%

**40. MOVEMENT OF NON-PERFORMING ASSETS (GROSS)**

During the year Non-Performing Loans (NPA) decreased by 48.56%.t

PARTICULARS	NPA (NPR 000)
Current Year	533,334
Previous Year	794,095
Change	(260,761)
Change%	-32.84%

**41. WRITE OFF OF LOANS & INTEREST EXPENSES**

During the year bank had written off the following five loans:

BORROWER	TYPE	PRINCIPLE WRITE OFF (IN NPR 000)
Charles William Mendis	Overdraft	1,207,805
David William Mendis	Force Loan	11,123
Sangam Institute	OD,FTL	1,990,204
Ventech Medical Nepal	OD,FTL	1,704,712
Sahadev Kachapati	Force Loan	54,804
Ballu Trade Link	Force Loan	36,344
Manakamana Crusher	Force Loan	104,723
Rina International	Force Loan	23,772
Kasika Collection Centre	Overdraft	3,211,084
PrabinMan/Krishna Maya	Force Loan/Home Loan	515,822
<b>TOTAL</b>		<b>8,860,391</b>

**42. MOVEMENT OF LOAN LOSS PROVISION AND INTEREST SUSPENSE**

As per NRB Directives, all interest accruals on loans and advances, irrespective of loan category, are transferred to interest suspense account until the interest accrued and due is realized in cash. Details of Interest Suspense Movement are as follows:

PARTICULARS	AMOUNT (NPR 000)
Movement of Loan Loss Provision	(132,057)
Movement of Interest Suspense	357

**43. DETAILS OF ADDITIONAL LOAN LOSS PROVISIONS:**

Bank has not made any additional Loan Loss Provision during the year.

**44. SEGREGATION OF INVESTMENT PORTFOLIO INTO HELD FOR TRADING, HELD TO MATURITY AND AVAILABLE FOR SALE CATEGORY:**

INVESTMENT	AMOUNT (NPR 000)
Held For Trading	-
Held For Maturity	8,037,987
Available For Sale	134,541
<b>TOTAL INVESTMENT</b>	<b>8,172,528</b>

## **45. RISK MANAGEMENT FUNCTION**

### **a. Summary of the bank's internal approach to assess the adequacy of its capital to support all the risks in business and achieve better risk management techniques in monitoring and managing risks**

#### **i. Board and senior management oversight**

Bank management is responsible for understanding the nature and level of risk being taken by the bank and how this risk relates to adequate capital levels. It is also responsible for ensuring that the form and sophistication of the risk management processes is commensurate with the complexity of its operations. A sound risk management process, thus, is the foundation for an effective assessment of the adequacy of a bank's capital position. The decisions made by the management are regularly reviewed by the BOD.

#### **ii. Sound capital assessment**

Another crucial component of an effective ICAAP is the assessment of capital. In order to be able to make a sound capital assessment, the bank has, at minimum, have the following:

- Policies and procedures designed to ensure that the bank identifies, measures, and reports all material risks;
- A process that relates capital to the level of risk;
- A process that states capital adequacy goals with respect to risk, taking account of the bank's strategic focus and business plan; and
- A process of internal control reviews and audits to ensure the integrity of the overall management process.

#### **iii. Comprehensive assessment of risks**

All material risks faced by the bank has been addressed in the capital assessment process

Nepal Rastra Bank recognizes that not all risks can be measured precisely. However, bank has developed a process to estimate risks with reasonable certainties. . All the three risks that have direct impact on the capital adequacy level have been managed in a structured manner with clear roles and responsibilities. In order to make a comprehensive assessment of risks, the process should, at minimum, address the forms of risks covered below.

#### **CREDIT RISK**

The Bank's Credit Policy Guidelines has adopted a Credit Risk Management philosophy that involves a continual measurement.

#### **MARKET RISK**

The Bank has in place Assets Liability Management (ALM) Policy, and Assets Liability Management Committee (ALCO) , which monitors risks arising from changes in exchange rates in foreign currencies; liquidity profile of assets and liabilities, investment activities of the bank etc.

## OPERATIONAL RISK

The Bank has developed and implemented various manuals, operating procedures and guidelines for monitoring and controlling Operational Risks in the Bank; a number of procedure guidelines and manuals are in process of development.

Most significant steps adopted by the Bank for handling Operational Risks are as follows: Independent reconciliation department accustomed to conducting daily reconciliation of all agency accounts and Inter-Branch accounts. Transaction Stack System is in place on amount limit basis. Exception and MIS reports are generated by the system on a 'Live' basis, where account activity can be monitored as and when they occur. General Authority schedule is in place to delegate authority to staff across all levels. Independent Internal Audit has been appointed to carry out review of internal controls and compliance. Transactions in all levels are handled under dual supervision and control. Output in all transactions is checked by a higher authority level. Disaster Recovery Server is in place to ensure full restoration of Bank's data.

## OTHER RISK

In addition to credit, credit concentration, operational and market risk the Bank identifies, assess and monitors other risks such as strategic risk and reputational risks at regular interval.

### iv. Monitoring

Monitoring and reporting of all risks, including credit, operational and market risks are identified, escalated, monitored and mitigated to the satisfaction of the risk type owner. The risk type owner is responsible for ensuring that all the risks are adequately identified, escalated, monitored and mitigated. The Bank has an adequate system in place for monitoring and reporting risk exposures and assessing how the changing risk profile affects the need for capital. The senior management and board of directors on a regular basis receive the report regarding the risk profile of the bank and its capital needs. All the material risks are identified, measured, monitored and reported by the respective risk type owner.

### v. Internal Control Review

The internal control structure of the Bank is essential for sound capital assessment process. Effective control of the capital assessment process includes an independent review and involvement of both internal as well as external audits wherever appropriate. The Bank is committed conduct the regular review of its risk management process to ensure its integrity, accuracy, and reasonableness. The effectiveness of the Bank's internal control system is reviewed regularly by the Board, its committees, Management and Internal Audit.

The Internal Audit monitors compliance with policies and standards and the effectiveness of internal control structures across the Bank through its program of business/unit audits. The Internal Audit function is focused on the areas of greatest risk as determined by a risk-based assessment methodology. Internal Audit reports regularly to the Audit Committee. The findings of all adverse audits are reported to the Chief Executive Officer and Business Heads for immediate corrective actions.

**b. Types of eligible credit risk mitigants used and the benefits availed under CRM**

Following are the eligible credit risk mitigants used by the bank:

CREDIT RISK MITIGANTS	AMOUNT (NPR 000)
1. Deposit with Bank	789,370
2. Deposits with other banks/FI	-
3. Gold	332,889
4. Govt.& NRB Securities	-
<b>TOTAL CREDIT RISK MITIGANTS</b>	<b>1,122,259</b>

## STATEMENT OF LOANS AND ADVANCES EXTENDED TO PROMOTOR/GROUP OF PROMOTORS AGAINST PROMOTERS SHARES

As on 31<sup>st</sup> Ashad 2073 (15<sup>th</sup> July 2016)

Schedule 4.34

PROMOTER/GROUP OF PROMOTERS	SHARE OWNERSHIP		LOAN DETAILS			REMARKS
	NOS	PERCENTAGE OF TOTAL PAID UP CAPITAL	NAME OF BANK /FINANCIAL INSTITUTION	LOAN AMOUNT	NO OF SHARES	
Bijayraj Ghimire	33,233	0.08%	Prime Commercial Bank	2,000,000	28,175	
Sudha Joshi	23,912	0.06%	Manakamana Development Bank	Not Stated	15,600	
Kishor Baskota	11,063	0.03%	Manjushree Finance	Not Stated	11,030	
Nirmal Pradhan	50,313	0.13%	Siddhartha Bank	Not Stated	50,313	
Yadav Raj Pandey	43,962	0.11%	Narayani Development Bank	Not Stated	37,084	
Puspaman Shrestha	20,000	0.05%	Prabhu Bank	Not Stated	20,000	
Padbi Bikram Shrestha	53,710	0.14%	Jay Panchakanya Savings	Not Stated	51,000	
Madan Lal Joshi	37,699	0.09%	Nabil Bank	Not Stated	37,699	
Parneswore Lal Agrawal	122,337	0.31%	Himalayan Bank	6,000,000	81,478	
Kailash Chandra Goyal	1,407,890	3.54%	Himalayan Bank	80,000,000	703,921	
Ramesh Adhikari	24,466	0.06%	Civil Bank	1,500,000	10,300	
Pramod Kumar Khetan	214,937	0.54%	NMB Bank	4,000,000	97,773	
Niranjan Lal Khetan	244,676	0.62%	Century Bank	28,000,000	162,956	
Shuvash Kumar Khetan	37,944	0.10%	Nepal Bangladesh Bank	2,500,000	27,799	
Jamuna Poudel	211,130	0.53%	NICA Bank	6,000,000	100,426	
Lobsa Tenji Nepali	191,400	0.48%	ICFC Finance	18,088,380	140,220	

# COMPARISON OF UNAUDITED & AUDITED FINANCIAL STATEMENTS

As of FY 2012/13 (2015/16)

Schedule 4.35

Amount in NPR Thousand

PARTICULARS	AS PER UNAUDITED FINANCIAL STATEMENTS		AS PER AUDITED FINANCIAL STATEMENTS		VARIANCE		REASON OF VARIANCE
	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	IN AMOUNT	IN PERCENTAGE	
<b>1. TOTAL CAPITAL &amp; LIABILITIES (1.1 TO 1.7)</b>	<b>58,971,251</b>	<b>58,559,206</b>	<b>(412,045)</b>	<b>-0.70%</b>			
1.1. Paid-up Capital	3,976,047	5,301,396	1,325,349	33.33%			Issue of Bonus Shares 3:1
1.2. Reserves and Surplus	2,169,414	843,271	(1,326,143)	-61.13%			Issue of Bonus Shares & Adjustments
1.3. Debenture and Bond	-	-	-	-			
1.4. Borrowings	-	-	-	-			
1.5. Deposits (a+b)	51,650,280	51,650,280	-	0.00%			
a. Domestic Currency	50,390,677	50,390,677	-	0.00%			
b. Foreign Currency	1,259,603	1,259,603	-	0.00%			
1.6. Income Tax Liabilities	410,538	-	(410,538)	-100.00%			Settlement of Liabilities with advance tax
1.7. Other Liabilities	764,972	764,259	(713)	-0.09%			
<b>2. TOTAL ASSETS (2.1 TO 2.7)</b>	<b>58,971,251</b>	<b>58,559,206</b>	<b>(412,045)</b>	<b>-0.70%</b>			
2.1. Cash & Bank Balance	6,582,058	6,581,846	(212)	0.00%			
2.2. Money at call and short Notice	-	-	-	-			
2.3. Investments	8,172,422	8,172,424	2	0.00%			
2.4. Loans & Advances (a+b+c+d+e+f) (Net)	42,865,019	42,868,710	3,691	0.01%			
a. Real Estate Loan	2,898,193	2,930,385	32,192	1.11%			
1. Residential Real Estate Loan							
(Except Personal Home Loan upto Rs 10 mil)	615,469	647,661	32,192	5.23%			Recalssification of loans as real estate
2. Business Complex & Residential Apartment Construction Loan	888,469	888,469	-	0.00%			
3. Income generating Commercial Complex Loan	-	-	-	-			
4. Other Real Estate Loan (Including Land Purchase & Plotting)	1,394,255	1,394,255	-	0.00%			
b. Personal Home Loan of Rs. 10 mil or less	5,430,865	5,402,839	(28,026)	-0.52%			
c. Margin Type Loan	1,730,266	1,730,266	-	0.00%			
d. Term Loan	3,658,974	3,658,974	-	0.00%			
e. Overdraft Loan / TR Loan / WC Loan	19,076,975	19,077,005	30	0.00%			
f. Others	10,069,746	10,069,241	(505)	-0.01%			
2.5. Fixed Assets	409,792	435,533	25,741	6.28%			Transfer of Land from other assets to fixed assets.
2.6. Non Banking Assets (Net)	-	-	-	-			
2.7. Other Assets	941,960	500,693	(441,267)	-46.85%			Set off of the Income tax & transfer of Land in Fixed Assets.

Contd... COMPARISON OF UNAUDITED & AUDITED FINANCIAL STATEMENTS



PARTICULARS	AS PER UNAUDITED FINANCIAL STATEMENTS		AS PER AUDITED FINANCIAL STATEMENTS		VARIANCE		REASON OF VARIANCE
	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	IN AMOUNT	IN PERCENTAGE	
<b>3. PROFIT &amp; LOSS ACCOUNT</b>							
3.1. Interest Income	3,095,549	3,095,549	3,095,549	-	0.00%		
3.2. Interest Expense	1,591,977	1,591,977	1,591,977	-	0.00%		
<b>A. NET INTEREST INCOME (3.1-3.2)</b>	<b>1,503,572</b>	<b>1,503,572</b>	<b>1,503,572</b>	<b>-</b>	<b>0.00%</b>		
3.3. Fees Commission and Discount	162,273	160,773	160,773	(1,500)	-0.92%	Reclassification of the Income as Extra ordinary	
3.4. Other Operating Income	279,039	279,039	279,039	-	0.00%		
3.5. Foreign Exchange Gain/Loss (Net)	115,336	115,336	115,336	-	0.00%		
<b>B. TOTAL OPERATING INCOME (A+3.3+3.4+3.5)</b>	<b>2,060,220</b>	<b>2,058,720</b>	<b>2,058,720</b>	<b>(1,500)</b>	<b>-0.07%</b>		
3.6. Staff Expenses	354,752	355,633	355,633	881	0.25%	Incentive given for Merger to former NNFL team booked in the expenses of the Merged entity.	
3.7. Other Operating Expenses	427,790	425,982	425,982	(1,808)	-0.42%	Adjustments after balance Sheet	
<b>C. OPERATING PROFIT BEFORE PROVISION (B-3.6-3.7)</b>	<b>1,277,678</b>	<b>1,277,105</b>	<b>1,277,105</b>	<b>(573)</b>	<b>-0.04%</b>		
3.8. Provision for Possible Loss	325,319	321,718	321,718	(3,601)	-1.11%	Rectification of provision.	
<b>D. OPERATING PROFIT (C-3.8)</b>	<b>952,359</b>	<b>955,387</b>	<b>955,387</b>	<b>3,028</b>	<b>0.32%</b>		
3.9. Non Operating Income/Expenses (Net)	1,359	1,317	1,317	(42)	-3.09%	Additional Expenses Written Off	
3.10. Write Back of Provision for Possible Loss	556,317	556,404	556,404	87	0.02%	Rectification of provision.	
<b>E. PROFIT FROM REGULAR ACTIVITIES (D+3.9+3.10)</b>	<b>1,510,035</b>	<b>1,513,108</b>	<b>1,513,108</b>	<b>3,073</b>	<b>0.20%</b>		
3.11. Extraordinary Income/Expenses (Net)	(4,730)	(3,230)	(3,230)	1,500	-31.71%	Reclassification of the Income as Extra ordinary	
<b>F. PROFIT BEFORE BONUS AND TAXES (E+3.11)</b>	<b>1,505,305</b>	<b>1,509,878</b>	<b>1,509,878</b>	<b>4,573</b>	<b>0.30%</b>		
3.12. Provision For Staff Bonus	136,846	137,262	137,262	416	0.30%	Changes in Above	
3.13. Provision For Tax	416,705	421,239	421,239	4,534	1.09%	Calculated as per IT Act	
<b>G. NET PROFIT/LOSS (F-3.12 -3.13)</b>	<b>951,754</b>	<b>951,377</b>	<b>951,377</b>	<b>(377)</b>	<b>-0.04%</b>	<b>CHANGES IN ABOVE</b>	
<b>4. RATIOS</b>							
4.1. Capital Fund to RWA	11.98%	12.05%	12.05%		0.07%	Change of RWA due to reclassification of Assets.	
4.2. Non Performing Loan (NPL) to Total Loan	1.24%	1.22%	1.22%		-0.02%	Adjustment of Above	
4.3. Total Loan Loss Provision to total NPL	160.81%	164.92%	164.92%		4.11%	Changes in Above	
4.4. Cost of Funds	4.52%	4.52%	4.52%		0.00%		
4.5. CD Ratio (Calculated as per NRB Directives)	77.40%	77.52%	77.52%		0.12%	Changes in Above	
4.6. Base Rate	6.86%	6.86%	6.86%		0.00%		
4.7. Interest Spread (as per NRB Circular)	4.42%	4.42%	4.42%		0.00%		
Additional Information (Optional)							
Average Yield (Local Currency)	8.67%	8.67%	8.67%		0.00%		
Return on Equity	15.49%	15.48%	15.48%		-0.01%		
Return on Assets	1.61%	1.62%	1.62%		0.01%	Changes in Above	

# UNAUDITED FINANCIAL STATEMENTS

As on 31<sup>st</sup> Ashad 2073 (15<sup>th</sup> July 2016)

Schedule 4.36

PARTICULARS	THIS QUARTER ENDED	PREVIOUS QUARTER ENDED	CORRESPONDING PREVIOUS YEAR QUARTER ENDED
<b>1. TOTAL CAPITAL &amp; LIABILITIES (1.1 TO 1.7)</b>	<b>58,971,251</b>	<b>46,712,510</b>	<b>37,388,814</b>
1.1. Paid-up Capital	3,976,047	3,336,481	2,972,656
1.2. Reserves and Surplus	2,169,414	1,019,097	375,317
1.3. Debenture and Bond	-	-	-
1.4. Borrowings	-	6,321	-
1.5. Deposits (a+b)	51,650,280	41,282,795	33,486,669
a. Domestic Currency	50,390,677	40,275,814	32,641,339
b. Foreign Currency	1,259,603	1,006,981	845,330
1.6. Income Tax Liabilities	410,538	252,073	-
1.7. Other Liabilities	764,972	722,064	554,172
<b>2. TOTAL ASSETS (2.1 TO 2.7)</b>	<b>58,971,251</b>	<b>46,712,510</b>	<b>37,388,814</b>
2.1. Cash & Bank Balance	6,582,058	4,385,303	3,058,107
2.2. Money at call and short Notice	-	-	-
2.3. Investments	8,172,422	7,478,161	7,259,794
2.4. Loans & Advances (a+b+c+d+e+f) (Net)	42,865,019	33,774,421	26,380,083
a. Real Estate Loan	2,898,193	2,264,634	1,961,248
1. Residential Real Estate Loan (Except Personal Home Loan upto Rs 10 mil)	615,469	366,835	221,122
2. Business Complex & Residential Apartment Construction Loan	888,469	1,206,263	1,173,816
3. Income generating Commercial Complex Loan	-	-	-
4. Other Real Estate Loan (Including Land Purchase & Plotting)	1,394,255	691,536	566,310
b. Personal Home Loan of Rs. 10 mil or less	5,430,865	3,185,914	2,439,557
c. Margin Type Loan	1,730,266	1,139,876	477,845
d. Term Loan	3,658,974	3,054,918	2,498,321
e. Overdraft Loan / TR Loan / WC Loan	19,076,975	18,172,253	14,752,784
f. Others	10,069,746	5,956,826	4,250,328
2.5. Fixed Assets	409,792	304,062	309,656
2.6. Non Banking Assets (Net)	-	-	-
2.7. Other Assets	941,960	770,563	381,174
<b>3. PROFIT &amp; LOSS ACCOUNT</b>			
3.1. Interest Income	3,095,549	2,198,173	2,402,657
3.2. Interest Expense	1,591,977	1,177,626	1,296,357
<b>A. NET INTEREST INCOME (3.1-3.2)</b>	<b>1,503,572</b>	<b>1,020,547</b>	<b>1,106,300</b>
3.3. Fees Commission and Discount	162,273	92,112	119,378
3.4. Other Operating Income	279,039	188,995	187,273
3.5. Foreign Exchange Gain/Loss (Net)	115,336	82,164	80,316
<b>B. TOTAL OPERATING INCOME (A+3.3+3.4+3.5)</b>	<b>2,060,220</b>	<b>1,383,818</b>	<b>1,493,267</b>
3.6. Staff Expenses	354,752	244,315	271,911
3.7. Other Operating Expenses	427,790	274,597	356,471
<b>C. OPERATING PROFIT BEFORE PROVISION (B-3.6-3.7)</b>	<b>1,277,678</b>	<b>864,906</b>	<b>864,885</b>
3.8. Provision for Possible Loss	325,319	217,855	458,810

Contd... UNAUDITED FINANCIAL STATEMENTS

Contd... UNAUDITED FINANCIAL STATEMENTS

PARTICULARS	THIS QUARTER ENDED	PREVIOUS QUARTER ENDED	CORRESPONDING PREVIOUS YEAR QUARTER ENDED
<b>D. OPERATING PROFIT (C-3.8)</b>	<b>952,359</b>	<b>647,051</b>	<b>406,075</b>
3.9. Non Operating Income/Expenses (Net)	1,359	1,145	2,823
3.10. Write Back of Provision for Possible Loss	556,317	282,016	417,134
<b>E. PROFIT FROM REGULAR ACTIVITIES (D+3.9+3.10)</b>	<b>1,510,035</b>	<b>930,212</b>	<b>826,032</b>
3.11. Extraordinary Income/Expenses (Net)	(4,730)	(5,944)	(92,468)
<b>F. PROFIT BEFORE BONUS AND TAXES (E+3.11)</b>	<b>1,505,305</b>	<b>924,268</b>	<b>733,564</b>
3.12. Provision For Staff Bonus	136,846	84,024	66,688
3.13. Provision For Tax	416,705	252,073	196,020
<b>G. NET PROFIT/LOSS (F-3.12 -3.13)</b>	<b>951,754</b>	<b>588,171</b>	<b>470,856</b>
<b>4. RATIOS</b>			
4.1. Capital Fund to RWA	11.98%	11.00%	11.11%
4.2. Non Performing Loan (NPL) to Total Loan	1.24%	2.28%	2.90%
4.3. Total Loan Loss Provision to total NPL	160.81%	122.13%	127.44%
4.4. Cost of Funds	4.52%	4.68%	5.15%
4.5. CD Ratio (Calculated as per NRB Directives)	77.40%	77.95%	76.24%
4.6. Base Rate	6.86%	6.86%	8.36%
4.7. Interest Spread (as per NRB Circular)	4.42%	4.20%	4.30%
Additional Information (Optional)			
Average Yield	8.67%	8.60%	9.14%
Return on Equity	15.49%	18.01%	14.00%
Return on Assets	1.61%	1.68%	1.26%





# SHAREHOLDER'S INFORMATION





Sunrise Bank's overall goal is to create shareholder value by maintaining a long term relationship with its shareholders.





नेपाल राष्ट्र बैंक  
बैंक सुपरिवेक्षण विभाग  
गैर-स्थलगत सुपरिवेक्षण इकाई



केन्द्रीय कार्यालय  
वालुवाटार, काठमाडौं  
पोस्ट बक्स नं. : ७३  
फोन नं. : ४४१७४९७  
आन्तरिक: २०४, २०५ र २०६  
फ्याक्स नं. : ४४१२३०३  
E-mail : bsdooffice@nrb.org.np  
Web Site : www.nrb.org.np

पत्रसंख्या:- वै सु वि./अफ्याइट/एजिएम/०७/२०७३-७४

मिति २०७३/०६/०९

सन्राइज बैंक लिमिटेड  
गैरीधारा, काठमाडौं।

विषय: लाभांश घोषणा/वितरण तथा वित्तीय विवरण प्रकाशन सम्बन्धमा।

महाशय,

तहाँवाट पेश गरिएका वित्तीय विवरण तथा अन्य कागजातका आधारमा बैंक तथा वित्तीय संस्था सम्बन्धी ऐन, २०६३ को दफा ४६ को उपदफा (१) का प्रावधानहरु पालना गरेको देखिएको हुँदा, ऐनको उपदफा (२) बमोजिम प्रस्तावित रु १,३२,५३,४८,८०० (चुक्ता पूँजीको ३३.३३ प्रतिशत) बोनस शेयर वार्षिक साधारण सभाबाट स्वीकृत भएको अवस्थामा मात्रै वितरण गर्ने स्वीकृतिका साथै आव २०७२/७३ को वार्षिक हिसाब वार्षिक साधारण सभामा स्वीकृतको लागि पेश गर्ने प्रयोजनार्थ देहायका निर्देशन सहित सावजनिक गर्न मात्र सहमति प्रदान गरिएको व्यहोरा निर्णयानुसार जानकारी गराउँदछु।

१. लेखापरीक्षकले औल्याएका कैफियतहरु सुधार गर्न तथा त्यस्ता कैफियतहरु पुनः दोहोरिन नदिने व्यवस्था मिलाउनु हुन।
२. यस बैंकको निर्देशन बमोजिम पुन्याउनु पर्ने पूँजीका निमित्त त्यस बैंकद्वारा पेश गरेको पूँजी योजना अनुरूप पूँजी कायम गर्ने व्यवस्था गर्नुहुन।

उपरोक्त निर्देशनलाई त्यस बैंकको वार्षिक प्रतिवेदनको छुट्टै पानामा प्रकाशित गर्नुहुन।

भवदीय,

देवेन्द्र गौतम  
उप निर्देशक

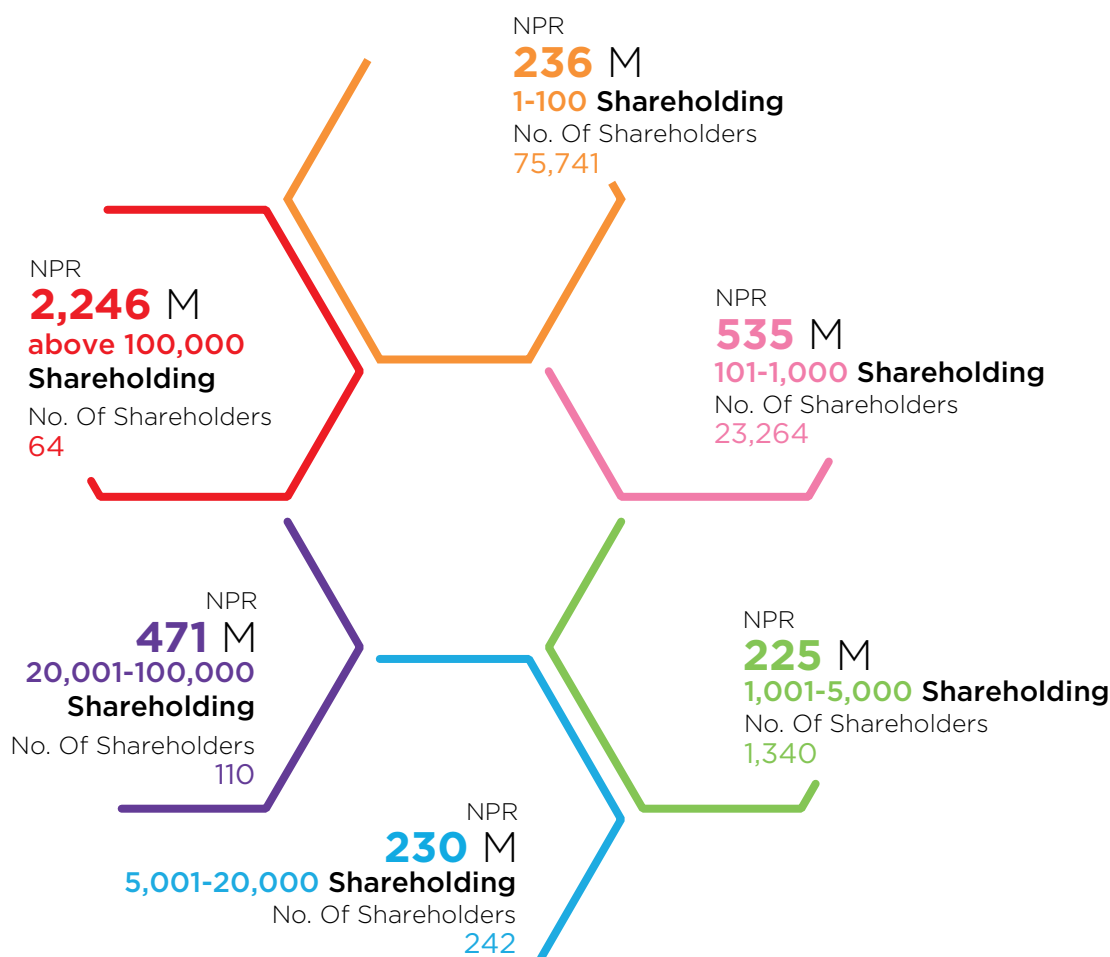
बोधार्थ :

१. नेपाल राष्ट्र बैंक  
बैंक तथा वित्तीय संस्था नियमन विभाग।
२. बैंक सुपरिवेक्षण विभाग, प्रतिवेदन कार्यान्वयन इकाई, सन्राइज बैंक लिमिटेड।



# Shareholders' Information

As at year ended 2015/16, the following details of shareholders has been recorded by the Bank's share registrar, M/s Civil Capital market Ltd.



**TOTAL NO. OF SHAREHOLDERS**

**100,761**

**TOTAL SHARE VALUE  
(IN NPR MIL.)**

**3,976**

**SRBL** STOCK SYMBOL

The shares of Sunrise Bank Limited are traded on Nepal Stock Exchange Ltd. (NEPSE) with symbol "SRBL"

# OUR BRANCH NETWORK

## INSIDE VALLEY

### CORPORATE HEAD OFFICE

Sunrise Plaza, Gairidhara, Kathmandu  
Metropolitan City-2, Kathmandu  
TEL.: 01-4004560, 4004562, 4004563,  
4004564  
FAX.: 01-4422475  
SWIFT: SRBLNPKA  
E-MAIL: info@sunrisebank.com.np

### ATTARKHEL BRANCH

BM: **Mr. Prabhat Raj Nepal**  
Attarkhel, Kathmandu Metropolitan  
City - 7, Kathmandu  
TEL.: 01-4913704  
E-MAIL: ATTARKHEL-TEAM@sunrisebank.com.np  
prabhat.nepal@sunrisebank.com.np

### BANIYATAR BRANCH

BM: **Ms. Panna Wagle**  
Jalap Chowk, Baniyatar,  
Tokha Municipality-8, Kathmandu  
TEL.: 01-4382066  
E-MAIL: BANIYATAR-TEAM@sunrisebank.com.np  
panna.wagle@sunrisebank.com.np

### BHAISEPATI BRANCH

BM: **Mr. Kamal Babu Simkhada**  
Khokana Dobato, Lalitpur Metropolitan  
City-25, Lalitpur  
TEL.: 01-5592930, 5592931  
E-MAIL: BHAISEPATI-TEAM@sunrisebank.com.np  
kamal.simkhada@sunrisebank.com.np

### BHAKTAPUR BRANCH

BM: **Mr. Bhim Narayan Shrestha**  
Sukuldhoka, Bhaktapur Municipality-5, Bhaktapur  
TEL.: 01-6619240, 6619241  
E-MAIL: BHAKTAPUR-TEAM@sunrisebank.com.np  
bhim.shrestha@sunrisebank.com.np

### BOUDDHA BRANCH

BM: **Mr. Nirish Raj Upadhyay**  
Bouddha, Kathmandu Metropolitan  
City-6, Kathmandu  
TEL.: 01-4916395, 2239855  
E-MAIL: BOUDDHA-TEAM@sunrisebank.com.np  
nirish.upadhyay@sunrisebank.com.np

### BUDHANILKANTHA BRANCH

BM: **Ms. Neema Pradhan**  
Narayanthan Chowk, Budhanilkantaha  
Municipality - 3, Kathmandu  
TEL.: 01-4378275  
E-MAIL: BUDDHANILKANTHA-TEAM@  
sunrisebank.com.np  
neema.pradhan@sunrisebank.com.np

### CHABAHIL BRANCH

BM: **Mr. Lokendra Sharma**  
Near Gopikrishna Hall, Chabhil, Kathmandu  
Metropolitan City - 7, Kathmandu  
TEL.: 01-4822766, 4822466  
E-MAIL: CHABAHIL-TEAM@sunrisebank.com.np  
lokendra.sharma@sunrisebank.com.np

### GABAHAL BRANCH

BM: **Ms. Sweta Singh**  
Gabahal, Lalitpur Metropolitan City-16, Lalitpur  
TEL.: 01-5005014, 5005015  
E-MAIL: gabahal@sunrisebank.com.np  
sweta.singh@sunrisebank.com.np

### GAIRIDHARA BRANCH (Main Branch)

BM: **Mr. Ram Kumar Giri**  
Sunrise Plaza, Gairidhara, Kathmandu  
Metropolitan City-2, Kathmandu  
TEL.: 01-4004560/64  
FAX.: 01-4422475  
TOLL FREE NO.: 1660-01-22444  
E-MAIL: main@sunrisebank.com.np  
ram.giri@sunrisebank.com.np

### GAUSHALA BRANCH

BM: **Mr. Kamal Bahadur Adhikari**  
Indreni Complex, Pinglasthan, Kathmandu  
Metropolitan City-8, Kathmandu  
TEL.: 01-4113667, 4113668  
E-MAIL: gaushala@sunrisebank.com.np  
kamal.adhikari@sunrisebank.com.np

### GONGABU BRANCH

BM: **Mr. Laxman Bhattarai**  
Gongabu, Kathmandu Metropolitan  
City-26, Kathmandu  
TEL.: 01-4388505, 01-4388507  
E-MAIL: laxman.bhattarai@sunrisebank.com.np

### GOTHATAR BRANCH

BM: **Ms. Uma Shrestha**  
Gothathar, Kathmandu Metropolitan  
City-32, Kathmandu  
TEL.: 01-4992706  
E-MAIL: gothatar@sunrisebank.com.np  
uma.shrestha@sunrisebank.com.np

### JYATHA BRANCH

BM: **Mr. Kedar Singh**  
Jyatha, Kathmandu Metropolitan  
City-27, Kathmandu  
TEL.: 01-4260654  
E-MAIL: jyatha@sunrisebank.com.np  
kedar.singh@sunrisebank.com.np

### KALANKI BRANCH

BM: **Mr. Sumit Giri**  
Kalanki, Kathmandu Metropolitan  
City-14, Kathmandu  
TEL.: 01-5234795, 5234796  
E-MAIL: kalanki@sunrisebank.com.np  
sumit.giri@sunrisebank.com.np

### KALIMATI BRANCH

BM: **Mr. Deepak Raj Joshi**  
Salt Trading Corporation Premises, Kalimati,  
Kathmandu Metropolitan City - 13, Kathmandu  
TEL.: 01-4278694, 4278709  
E-MAIL: kalimati@sunrisebank.com.np  
deepak.joshi@sunrisebank.com.np

### KAMALPOKHARI BRANCH

BM: **Mr. Diepak Pandit**  
Kamalpokhari, Kathmandu Metropolitan  
City - 1, Kathmandu  
TEL.: 01-4278694, 4278709  
E-MAIL: kalimati@sunrisebank.com.np  
dipak.pandit@sunrisebank.com.np

### KHUSIBU BRANCH

BM: **Mr. Anil Maharjan**  
Khusibu - 17, Kathmandu  
TEL.: 01-4382950, 4382952  
E-MAIL: KHUSIBU-TEAM@sunrisebank.com.np  
anil.maharjan@sunrisebank.com.np

### LAGANKHEL BRANCH

BM: **Mr. Peshal Dahal**  
Lagankhel, Lalitpur Metropolitan City-12, Lalitpur  
TEL.: 01-5526178, 5553480  
E-MAIL: lagankhel@sunrisebank.com.np  
peshal.dahal@sunrisebank.com.np

### LUVU BRANCH

BM: **Mr. Bidur Pant**  
Luvhu, Mahalaxmi Municipality - 8, Lalitpur  
TEL.: 01-5580361  
E-MAIL: luvu@sunrisebank.com.np  
bidur.pant@sunrisebank.com.np

### MAHARAJGUNJ BRANCH

BM: **Ms. Tara Bhandari**  
Opposite to Bhatbhateni Super Market,  
Maharajgunj, Kathmandu Metropolitan  
City - 3, Kathmandu  
TEL.: 01-4720346, 4721352, 4721385  
E-MAIL: maharajgunj@sunrisebank.com.np  
tara.bhandari@sunrisebank.com.np

#### NEW ROAD BRANCH

BM: **Mr. Pritam Lal Shrestha**  
Khichhapokhari, Kathmandu Metropolitan  
City-22, Kathmandu  
TEL.: 01-4239470, 4239471, 4239472,  
4233545, 4225055  
E-MAIL: newroadoperations@sunrisebank.com.np  
pritam.shrestha@sunrisebank.com.np

#### NEW ROAD BRANCH (2)

BM: **Ms. Sabina Shrestha**  
Pako, Kathmandu Metropolitan  
City - 22, Kathmandu  
TEL.: 01-4240134  
E-MAIL: newroad2-team@sunrisebank.com.np  
sabina.shrestha@sunrisebank.com.np

#### PHARPING BRANCH

BM: **Mr. Sudarshan Khatiwada**  
Pharping Bus Park, Dakshinkali  
Municipality-5, Kathmandu  
TEL.: 01-4710865  
E-MAIL: pharping@sunrisebank.com.np  
sudarshan.khatiwada@sunrisebank.com.np

#### PUTALISADAK BRANCH

BM: **Mr. Bishnu Prasad Uprety**  
Radhakuti Arcade, Putalisadak, Kathmandu  
Metropolitan City-29, Kathmandu  
TEL.: 01-4421662, 4010595  
E-MAIL: putalisadak@sunrisebank.com.np  
bishnu.uprety@sunrisebank.com.np

#### SHANKHAMUL BRANCH

BM: **Ms. Rachana Shrestha**  
Shankhamul Chowk, Kathmandu Metropolitan  
City - 31, Kathmandu  
TEL.: 01-4783996  
E-MAIL: shankhamul@sunrisebank.com.np  
rachana.shrestha@sunrisebank.com.np

#### SITAPAILA BRANCH

BM: **Ms. Bijaya Poudel**  
Sitapaila Chowk-01, Kathmandu  
TEL.: 01-4034996, 4034997  
E-MAIL: SITAPAILA-TEAM@sunrisebank.com.np  
bijaya.poudel@sunrisebank.com.np

#### TAUKHEL BRANCH

BM: **Mr. Upendra Bir Bajracharya**  
Taukhel, Godawari Municipality - 3, Lalitpur  
TEL.: 01-6224821, 5560574  
E-MAIL: taukhel@sunrisebank.com.np  
upendra.bajracharya@sunrisebank.com.np

#### TINKUNE BRANCH

BM: **Mr. Dhiraj Nepal**  
Neupane Tower, Tinkune, Kathmandu Metropolitan  
City-32, Kathmandu  
TEL.: 01-4111554, 4111929, 4111854  
E-MAIL: tinkune@sunrisebank.com.np  
dhiraj.nepal@sunrisebank.com.np

### OUTSIDE VALLEY

#### BARDIBAS BRANCH

BM: **Mr. Prakash Shrestha**  
Sonamai Commercial Complex,  
Bardibas Municipality-1, Mahottari  
TEL.: 044-550563, 044-550564  
E-MAIL: BARDIBAS-TEAM@sunrisebank.com.np  
prakash.shrestha@sunrisebank.com.np

#### BESISAHAR BRANCH

BM: **Mr. Megh Bahadur K.C**  
Shera Bazar-9, Besisahar Municipality-8, Lamjung  
TEL.: 066-520129  
E-MAIL: BESISAHAR-TEAM@sunrisebank.com.np  
megh.kc@sunrisebank.com.np

#### BHADRAPUR BRANCH

BM: **Mr. Sanjog Rajbhandari**  
Hulak Road, Bhadrapur Municipality-4, Jhapa  
TEL.: 023-520132, 520133  
E-MAIL: BHADRAPUR-TEAM@sunrisebank.com.np  
sanjog.rajbhandari@sunrisebank.com.np

#### BHAIRAHAWA BRANCH

BM: **Mr. Anil Bajracharya**  
Bank Road, Siddharthanagar  
Municipality-5, Rupandehi  
TEL.: 071-520703, 520706, 520373  
E-MAIL: BHAIRAHAWA-TEAM@sunrisebank.com.np  
anil.bajracharya@sunrisebank.com.np

#### BHARATPUR BRANCH

BM: **Mr. Dev Chandra Bhatta**  
Hakim Chowk, Bharatpur Metropolitan  
City-2, Bharatpur  
TEL.: 056-533261  
E-MAIL: BHARATPUR-TEAM@sunrisebank.com.np  
devchandra.bhatta@sunrisebank.com.np

#### BIRATCHOWK BRANCH

BM: **Mr. Yadav Khatiwada**  
Biratchowk, Sundar Haraicha Municipality-10,  
Morang  
TEL.: 021-546102  
E-MAIL: BIRATCHOWK-TEAM@sunrisebank.com.np  
yadav.khatiwada@sunrisebank.com.np

#### BIRATNAGAR BRANCH

BM: **Mr. Suman Bhattarai**  
Rangeli Road, Biratnagar Sub-Metropolitan  
City-7, Morang  
TEL.: 021-440695, 440696  
E-MAIL: BIRATNAGAR-TEAM@sunrisebank.com.np  
suman.bhattarai@sunrisebank.com.np

#### BIRGUNJ BRANCH

BM: **Mr. Sujan Paudel**  
Adarshanagar, Birgunj Sub-Metropolitan  
City-6, Parsa  
TEL.: 051-524784, 524785  
E-MAIL: BIRGUNJ-TEAM@sunrisebank.com.np  
sujan.paudel@sunrisebank.com.np

#### BIRTAMOD BRANCH

BM: **Mr. Gyanendra Dutta**  
Mukti Chowk, Birtamode Municipality-4, Jhapa  
TEL.: 023-541069  
E-MAIL: BIRTAMODE-BRANCH@sunrisebank.com.np  
gyanendra.dutta@sunrisebank.com.np

#### BUDHABARE BRANCH

BM: **Mr. Tej Bahadur Thapa Magar**  
Buddhasanti-03, Budhabare, Jhapa  
TEL.: 023-555478, 555418  
E-MAIL: BUDHABARE-TEAM@sunrisebank.com.np  
tej.thapamagar@sunrisebank.com.np

#### BUTWAL BRANCH

BM: **Mr. Rajendra Ghimire**  
Milan Chowk, Butwal Sub-Metropolitan City-9,  
Rupandehi  
TEL.: 071-551572, 551573  
E-MAIL: BUTWAL\_TEAM@sunrisebank.com.np  
rajendra.ghimire@sunrisebank.com.np

#### DADELHURA BRANCH

BM: **Mr. Birkha Bohara**  
Bagbazar, Amargadi Municipality-5, Dadeldhura  
TEL.: 096-420723  
E-MAIL: DADELHURA-TEAM@sunrisebank.com.np  
birkha.bohara@sunrisebank.com.np

#### DAMAK BRANCH

BM: **Mr. Guru Raj Regmi**  
Ganga Sagari, Damak Municipality - 5, Jhapa  
TEL.: 023-582360, 582361  
E-MAIL: Damak-Team@sunrisebank.com.np  
guru.regmi@sunrisebank.com.np

#### DAMAULI BRANCH

BM: **Mr. Deepak Sharma**  
Neem Chowk, Vyas Municipality-3, Tanahun  
TEL.: 065-561800  
E-MAIL: DAMAULI-BRANCH@sunrisebank.com.np  
deepak.sharma@sunrisebank.com.np

#### DARCHULA BRANCH

BM: **Mr. Rakesh Budhathoki**  
Ghat Bazar, Mahakali Municipality-1, Darchula  
TEL.: 093-420123  
E-MAIL: DARCHULA-TEAM@sunrisebank.com.np  
rakesh.budhathoki@sunrisebank.com.np

**DHANGADI BRANCH**

BM: **Mr. Dharam Kumar Bista**  
 Ratopool, Dhangadi Sub-Metropolitan  
 City-2, Kailali  
 TEL.: 091-524850, 523897  
 E-MAIL: DHANGADI-TEAM@sunrisebank.com.np  
 dharam.bista@sunrisebank.com.np

**DHARAN BRANCH**

BM: **Mr. Surya Bahadur Balampaki**  
 Mahendrapath, Dharan Sub-Metropolitan  
 City-12, Sunsari  
 TEL.: 025-532841  
 E-MAIL: dharan@sunrisebank.com.np  
 surya.balampaki@sunrisebank.com.np

**DUHABI BRANCH**

BM: **Mr. Visan Niroula (Officiating BM)**  
 Main Road, Duhabi Municipality-3, Sunsari  
 TEL.: 025-541486, 541488  
 E-MAIL: duhabi@sunrisebank.com.np  
 visan.niroula@sunrisebank.com.np

**DUMRE BRANCH**

BM: **Mr. Yadav Raj Upadhyay**  
 Dumre, Bandipur Rural Municipality-1, Tanahun  
 TEL.: 065-580355, 580356  
 E-MAIL: dumre@sunrisebank.com.np  
 yadav.upadhyay@sunrisebank.com.np

**GAIGHAT BRANCH**

BM: **Mr. Sanjay Kumar Gelal**  
 Main Market, Triyuga Municipality-13, Udayapur  
 TEL.: 035-420778, 420779, 420780  
 E-MAIL: GAIGHAT-TEAM@sunrisebank.com.np  
 sanjay.gelal@sunrisebank.com.np

**GAUR BRANCH**

BM: **Mr. Bipat Chaudhary**  
 Purnewa, Gaur Municipality-2, Rauthat  
 TEL.: 055-521413/14  
 E-MAIL: gaur@sunrisebank.com.np  
 bipat.chaudhary@sunrisebank.com.np

**ILLAM BRANCH**

BM: **Mr. Madan Timsina**  
 Malapath, Ilam Municipality - 7, Ilam  
 TEL.: 027-521720  
 E-MAIL: illam@sunrisebank.com.np  
 madan.timsina@sunrisebank.com.np

**ITAHARI BRANCH**

BM: **Mr. Kumar Khadka**  
 Dharan Road, Itahari Sub-Metropolitan  
 City-6, Sunsari  
 TEL.: 025-586924  
 E-MAIL: itahari@sunrisebank.com.np  
 kumar.khadka@sunrisebank.com.np

**JHUMKA BRANCH**

BM: **Mr. Nabin Kumar Jha**  
 Near Western Bus Stand, Jhumka, Ramdhuni  
 Municipality-1, Sunsari  
 TEL.: 025-562353, 562653  
 E-MAIL: jhumka@sunrisebank.com.np  
 nabin.jha@sunrisebank.com.np

**KAKARVITTA BRANCH**

BM: **Mr. Pramod Hari Pokhrel**  
 Shanti Path, Mechinagar Municipality-6, Jhapa  
 TEL.: 023-5602083  
 E-MAIL: kakarvitta@sunrisebank.com.np  
 pramod.pokhrel@sunrisebank.com.np

**LAHAN BRANCH**

BM: **Mr. Amar Shah**  
 Main Road, Lahan Municipality-8, Siraha  
 TEL.: 033-562403, 562404  
 E-MAIL: lahan@sunrisebank.com.np  
 amar.shah@sunrisebank.com.np

**MAHENDRANAGAR BRANCH**

BM: **Mr. Yogesh Kumar Bhatta**  
 Special Line, Bhimdatta  
 Municipality-4, Kanchanpur  
 TEL.: 099-520850  
 E-MAIL: mahendranagar@sunrisebank.com.np  
 yogesh.bhatta@sunrisebank.com.np

**NARAYANGHAT BRANCH**

BM: **Mr. Achyuit Shrestha**  
 Near Saheed Chowk, Narayanghat, Bharatpur  
 Metropolitan City-3, Chitwan  
 TEL.: 056-571953, 571054, 571452  
 E-MAIL: narayanghat@sunrisebank.com.np  
 achyuit.shrestha@sunrisebank.com.np

**NARAYANGHAT BRANCH (2)**

BM: **Mr. Prakash Kasti**  
 Lions Chowk, Bharatpur Metropolitan  
 City-3, Bharatpur  
 TEL.: 056-570313  
 E-MAIL: NARAYANGHAT2-TEAM@sunrisebank.com.np  
 prakash.kasti@sunrisebank.com.np

**NEPALGUNJ BRANCH**

BM: **Mr. Dipak Khanal**  
 Surkhet Road, Near Puspa Lal Chowk, Nepalgunj  
 Sub-Metropolitan City - 20, Banke  
 TEL.: 081-522484, 523319  
 E-MAIL: nepalgunj@sunrisebank.com.np  
 dipak.khanal@sunrisebank.com.np

**PANAUTI BRANCH**

BM: **Mr. Rajkumar Thapa**  
 Kusha Devi Marg, Panauti Municipality-7, Kavre  
 TEL.: 011-440602  
 E-MAIL: rajkumar.thapa@sunrisebank.com.np

**POKHARA BRANCH**

BM: **Mr. Nitesh Regmi**  
 New Road, Pokhara Lekhnath Metropolitan  
 City-9, Kaski  
 TEL.: 61-537845  
 E-MAIL: pokhara@sunrisebank.com.np  
 nitesh.regmi@sunrisebank.com.np

**RAJBIRAJ BRANCH**

BM: **Mr. Rohit K. Mahaseth**  
 Gajendra Chowk, Rajbiraj Municipality-3, Saptari  
 TEL.: 031-520727, 520721  
 E-MAIL: rajbiraj@sunrisebank.com.np  
 rohit.mahaseth@sunrisebank.com.np

**SUKHAD BRANCH**

BM: **Mr. Surendra Bahadur Shahi**  
 Mahendra Highway-1, Sukhad  
 TEL.: 091-403012, 403013  
 E-MAIL: sukhad@sunrisebank.com.np  
 surendra.shahi@sunrisebank.com.np

**SUNDAR BAZAR BRANCH**

BM: **Mr. Manoj Gurung**  
 Tallo Bazar, Sundarbazzar  
 Municipality-7, Lamjung  
 TEL.: 066-402061, 402062  
 E-MAIL: sundarbazarr@sunrisebank.com.np  
 manoj.gurung@sunrisebank.com.np

**SUNWAL BRANCH**

BM: **Mr. Niranjana Thapa**  
 Sunwal Chauraha, Sunwal Metropolitan  
 City-4, Nawalparasi  
 TEL.: 078-570473  
 E-MAIL: sunwal@sunrisebank.com.np  
 niranjana.thapa@sunrisebank.com.np

**SURUNGA BRANCH**

BM: **Mr. Pramod Das**  
 BT Complex, Jhapa Road, Surunga, Kankai  
 Municipality-3, Jhapa  
 TEL.: 023-550881, 550880  
 E-MAIL: surunga@sunrisebank.com.np  
 pramod.das@sunrisebank.com.np

**TANDI BRANCH**

BM: **Mr. Govinda Prasad Poudyal**  
 Tandi, Ratnanagar Municipality - 2, Bharatpur  
 TEL.: 056-562993  
 E-MAIL: TANDI-TEAM@sunrisebank.com.np  
 govinda.paudyal@sunrisebank.com.np

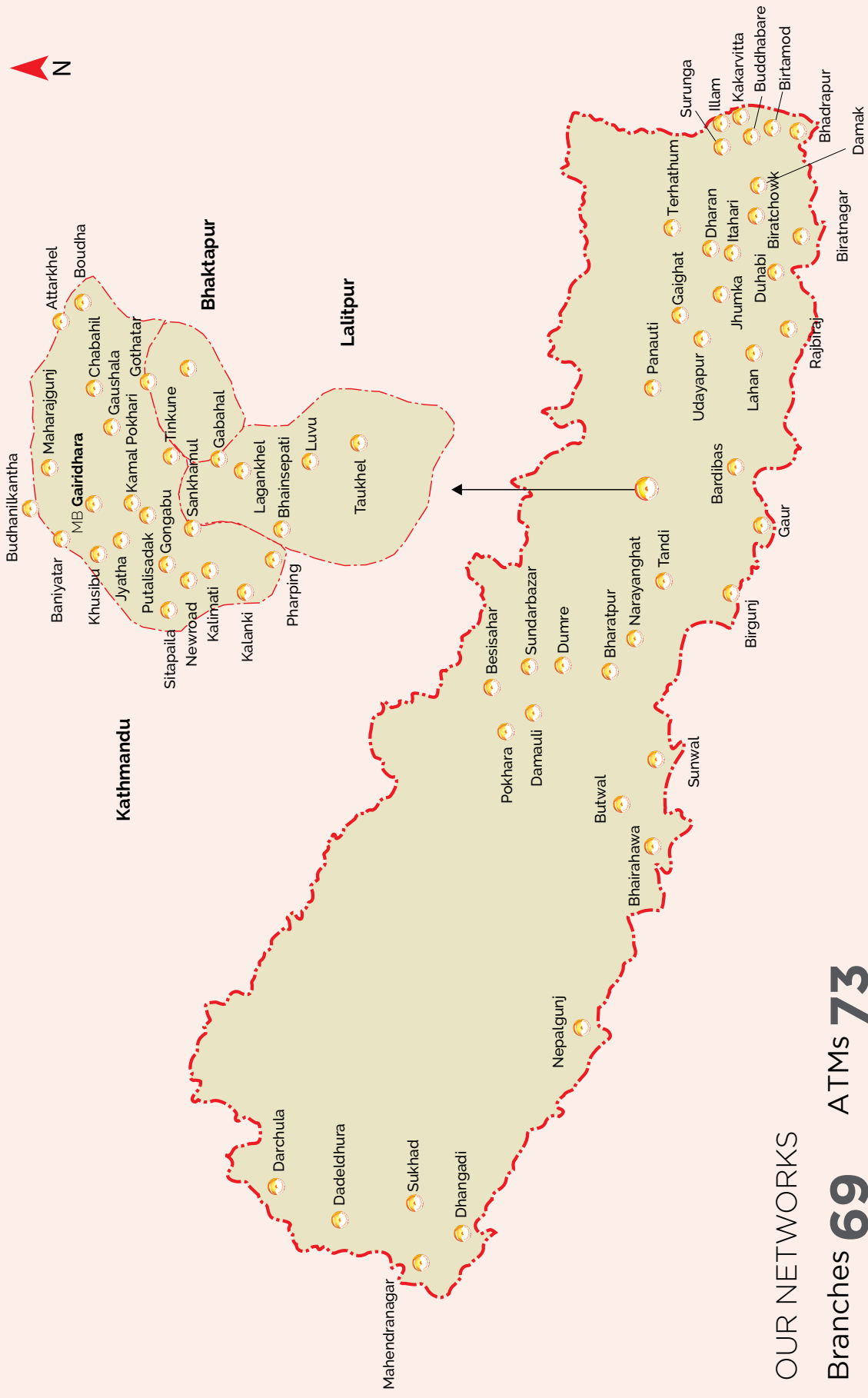
**TERHATHUM BRANCH**

BM: **Mr. Drona Chandra Ghimire**  
 Main Bazar, Myanglung Municipality-1, Terathum  
 TEL.: 026-460720  
 E-MAIL: TERATHUM-TEAM@sunrisebank.com.np  
 drona.ghimire@sunrisebank.com.np

**UDAYAPUR BRANCH**

BM: **Mr. Umesh Prasad Kushawaha**  
 Udayapur Cement Factory Premises, Jaljhale,  
 Triyuga Municipality - 6, Udayapur  
 TEL.: 035-411016, 9753003729  
 E-MAIL: udayapur@sunrisebank.com.np  
 umesh.kushawaha@sunrisebank.com.np

# AREAS OF ACTIVITIES



OUR NETWORKS

Branches **69** ATMs **73**

# HEAD OF DEPARTMENT

**MR. MANOJ NEUPANE**

*Corporate/Mid Market Banking Department*

**MR. HARI PRASAD ACHARYA**

*SME Banking Department and Guarantee  
Business & Transaction Banking Department*

**MR. ISHWAR KUMAR PATHAK**

*Compliance Department/Company Secretary*

**MR. VIVEK NIRLA**

*Remittance Department*

**MR. ANUP KOIRALA**

*General Services Department*

**MR. GANESH REGMI**

*Retail & Small Business Banking Department*

**MS. RABINA ACHARYA**

*Marketing Department*

**MS. KANCHAN JOSHI**

*Branch Operation Department*

**MS. PRABHAVATI BISTA**

*Human Resource Department*

**MR. KESHAB PRASAD SUBEDI**

*Legal Department*

**MR. RAJENDRA PRASAD JOSHI**

*Treasury & Correspondent Banking Department*

**MS. NIKKY BASNET**

*Risk Management Department (Officiating  
Head)*

**MR. RAJESH KUMAR MANANDHAR**

*IT/MIS Department*

**MR. DIPEN MAN SINGH PRADHAN**

*Deprived Sector Banking Department*

**MR. PRAKASH PAUDEL**

*Cards & E-Banking Department*

**MR. RUPESH LUITEL**

*Finance & Planning Department / Performance  
Review Cell*

**MR. VIJAY KRISHNA SHRESTHA**

*Central Accounts Department*

**MR. BINAY GIRI**

*Trade Finance Department*

**MR. DHIRAJ PRADHAN**

*Loan Recovery Department*





**WE ARE YOU,  
AND, YOU ARE US.**



सन्राइज बैंक लिमिटेड  
**SUNRISE BANK LIMITED**

**RISING TO SERVE**

P.O. Box: 15203  
Gairidhara Crossing,  
Kathmandu, Nepal  
TEL: +977 1 4004560/4004561  
FAX: +977 1 4422475  
EMAIL: [info@sunrisebank.com.np](mailto:info@sunrisebank.com.np)  
SWIFT: SRBLNPKA

[www.sunrisebank.com.np](http://www.sunrisebank.com.np)